





## NEWS: INTERNATIONAL

## US jobs point to solid economic growth

By Michael Proulx  
in Washington

US economic expansion remains robust, but the pace of growth is not accelerating, official figures indicated yesterday.

The Labour Department said the jobless rate fell to 6.0 per cent last month from 6.4 per cent in April, a much steeper decline than financial markets expected. Officials said this probably overstated the strength of the economy, partly because of recent changes in the way unemployment data are collected.

Figures for payroll employment - based on a different series - pointed to a slight deceleration in economic growth. Non-farm employment rose by 191,000 to 112.8m in May, considerably weaker than the consensus projection of an increase of about 235,000.

The increase would have been only 120,000 but for an artificial boost caused by the return of striking members of the Teamsters' union.

Job creation in May was sharply lower than in March

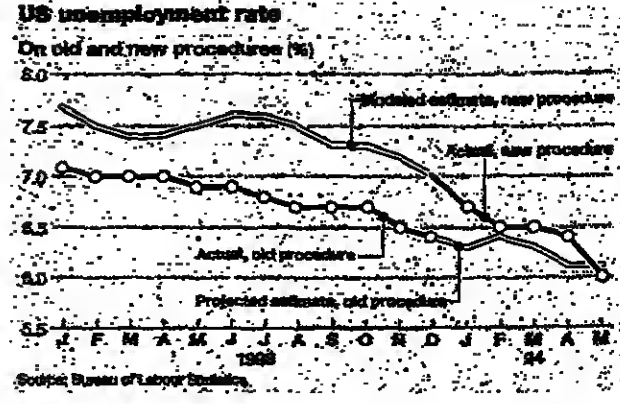
and April, when payrolls increased by a revised 379,000 and 358,000 respectively. Jobs gains last month were overwhelmingly concentrated in service industries. Manufacturing employment fell slightly and construction employment expanded only modestly after impressive gains in March and April.

Ms Katharine Abraham, a senior Labour Department official, said the labour market had improved last month but warned that the scale of the jobless decline might be misleading. "Whenever unusually

large movements occur in a single month, the magnitude of those changes often turns out to have been overstated once additional data become available," she said.

In longer view, the figures confirm the strength of US economic expansion. Roughly 1.2m jobs have been created since January, a faster pace than last year, when the economy grew by 3 per cent.

Many economists believe the jobless rate is now close to the level historically associated with upward pressure on wage and price inflation.



## Airbus seeks orders for new jumbo

By Paul Betts, Aerospace  
Correspondent, in Toulouse

The European Airbus consortium is to start marketing a new jumbo aircraft with 500-600 seats to challenge the Boeing 747's monopoly of the large airliner market.

Although he did not expect airlines to rush in immediately with orders, he believed there was likely to be demand for a new jumbo by about 2002.

"Our supervisory board last week decided we are now ready to be serious about this project," he added.

He estimated development costs for A3XX at around \$3bn (\$2.5bn).

The aircraft would have two decks running the full length of the fuselage, powered by four engines and would have a range of 7,000-8,000 nautical miles.

Its cost to airlines would be below \$200m (\$132m) and it would have 20 per cent lower operating costs than the current Boeing 747-400, he said.

The 747-400 can seat between 450 and 500.

British Airways and Singapore Airlines have already expressed interest in super jumbos, Mr Pierson said.

Mr Pierson said Airbus was "in regular contact" with BA on its new project.

Before launching a new jumbo development, Airbus

would have to get a significant number of firm commitments from airlines.

The four Airbus partners (Aérospatiale of France, Germany's Deutsche Aerospace, British Aerospace and CASA of Spain) have been jointly studying the Boeing 747's monopoly of the large airliner market.

But these studies did not prevent both Airbus and Boeing pursuing independent studies to develop new jumbo aircraft, Mr Pierson stressed.

He noted that Boeing had recently stepped up studies on a larger version of its 747-400 jumbo with a new wing.

This has increased suspicion among Airbus partners over Boeing's motives for collaborating with the Europeans on a joint super jumbo project.

The Airbus partners are worried Boeing is trying to use the joint studies to delay Airbus's entry into the jumbo market while the US manufacturer prepares the next generation 747 to consolidate its hold of the very large aircraft market.

Mr Pierson also said Airbus wanted to match Boeing's latest productivity targets aimed at driving down production costs by 25 per cent and reducing production cycle times.

For Airbus narrow-body aircraft, the target was to reduce production cycles from 12 months to nine months next year and six months by 1995.

For larger widebody aircraft, Airbus wants to reduce the cycle time of 15 months to nine months by 1996.

## Bentsen to press for Japan boost

By Peter Norman,  
Economics Editor

Mr Lloyd Bentsen, the US Treasury secretary, (pictured left) yesterday signalled the US would continue to press Japan to boost its economy with the aim of lowering its trade surplus.

Speaking ahead of next week's talks among leading industrialised countries at the Organisation for Economic Co-operation and Development in Paris, Mr Bentsen said he would like to see Japan cut its income tax soon, then at a later stage move to raise consumption taxes.

"Hopefully that would further stimulate their economy and help in the balance of

trade," he told a Confederation of British Industry lunch in London.

Mr Bentsen stressed the US was pressing Japan to open markets for the benefit of all nations. Emphasising US determination to encourage global recovery, he said the administration was committed to having Uruguay Round trade liberalisation measures in effect as quickly as possible and "well before the European Union ratification is complete".

Mr Bentsen said US Treasury economists calculated the Uruguay Round would have the same effect as tax cuts of \$95bn (\$245bn) in industrialised countries between 1998 and 2004, including developing nations, the

Round would yield a "global tax cut" of \$1,500bn-\$2,000bn over a decade.

He gave an upbeat appraisal of the US economy. The recent rise in US long term interest rates was not a major constraint, although there was a "modest lessening" of activity in the housing sector.

The increases in employment, highlighted by yesterday's new payroll figures, had not caused inflationary pressures. The US economy had accommodated the rise in employment through increases in productivity and capital expenditure.

"Inflation does not seem to be a factor now, it looks like it will stay that way for some time."

Nearly 3m new jobs had been created since the Clinton administration took office and it was well on the way to the 5m target set for the four-year presidential term. "The fundamentals of our economy are in great shape. I haven't seen it this good for 20 years," he said.

Mr Bentsen said he was encouraged by economic developments in the UK and the rest of Europe. Britain had resumed its position as the highest foreign direct investor in the US last year, he disclosed.

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## FDP in vote to support Kohl coalition

By Judy Dempsey in Rostock

Germany's Free Democrats yesterday voted overwhelmingly to support Chancellor Helmut Kohl's governing coalition after Mr Klaus Kinkel, foreign minister and chairman of the party, delivered a blistering attack on the policies of the opposition Social Democratic Party.

In the keynote speech in the opening day of the FDP's three-day congress in the northern port of Rostock, Mr Kinkel warned the 660 delegates to pull together and support continuity rather than face the prospect of a government ruled by the SPD and Greens, or a grand coalition comprising the Christian Democratic Union and SPD.

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## Israeli tanks and artillery face Hizbollah

By David Horowitz  
in Jerusalem

Israel and the pro-Iranian Hizbollah group remained in a tense stand-off yesterday, after an overnight exchange of salvos during which Israel moved tanks and artillery up to its border with Lebanon.

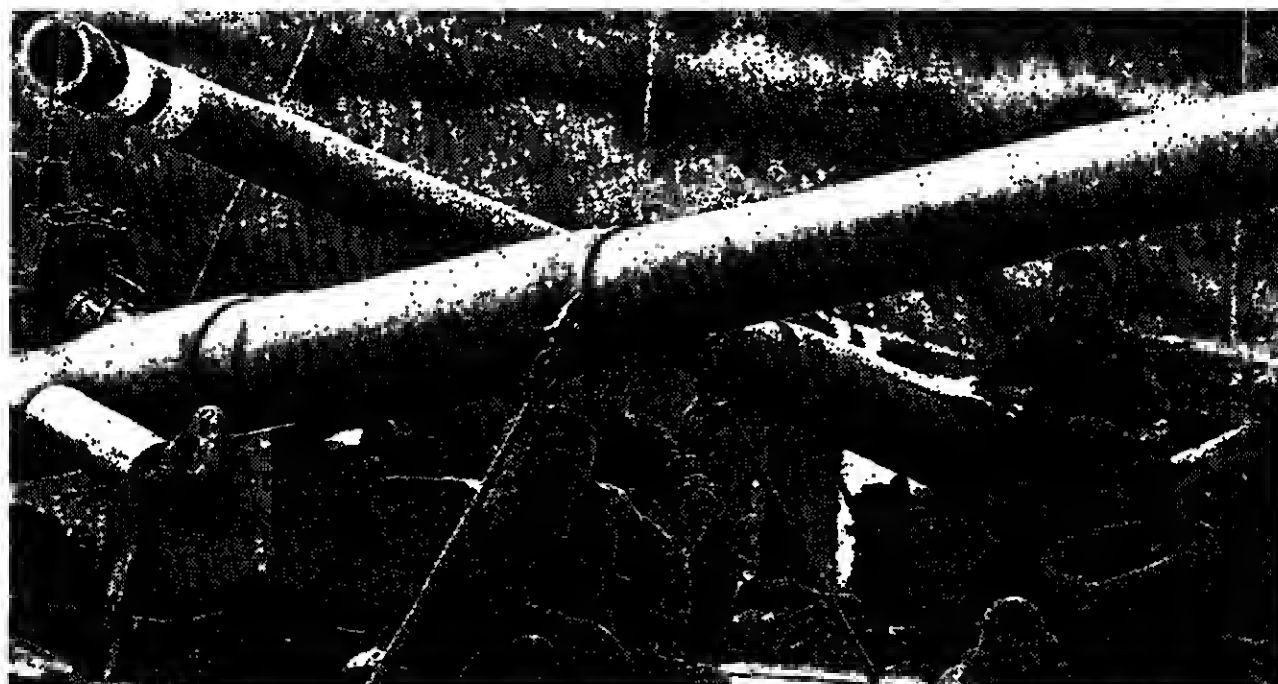
Residents of northern Israel emerged yesterday morning from a night spent in bomb shelters. Salvos of katyusha rockets, fired by Hizbollah in retaliation for Thursday's devastating Israeli air strike on its training base in the Bekaa Valley, landed inside Israel overnight, but caused no injuries and little damage.

Israel and its proxy militia, the South Lebanon Army, hit back by shelling the sources of rocket fire. There were no further rocket barrages during the day, however, and the threat of an escalation of hostilities appeared to be receding.

Nevertheless, many residents of villages in southern Lebanon were reported to be fleeing north for fear of further Israeli raids.

Many families from the northern Israeli town of Kiryat Shmonah were also heading away from the border area, spending the weekend with friends and relatives.

Close to the port of Tyre in southern Lebanon, a Hizbollah



Israeli gun crews await orders at the Lebanon border yesterday after guerrillas fired rockets in retaliation for an Israeli air raid

guerrilla was killed by Fijian troops serving with the UN Truce Monitoring Force in a clash on the coastal road that left one Fijian critically wounded.

Israeli military sources, meanwhile, denied a claim by the fundamentalist Muslim group Islamic Jihad that it had killed two Israeli soldiers in

the Gaza Strip in retaliation for the strike against Hizbollah.

Thursday's raid was the heaviest blow suffered by Hizbollah at Israeli hands, but the group's secretary-general, Sheikh Hassan Nasrallah, pledged to intensify anti-Israeli actions.

Lebanon's schools, banks and shops stayed closed yesterday as thousands of Hizbollah supporters filled the streets of Beirut in funeral processions for the 26 guerrillas killed in the Israeli raid.

Mr Amr Moussa, Egypt's foreign minister, yesterday condemned the Israeli strike

as "not acceptable" and warned of the potential negative implications for the peace process.

But Israeli officials said that they hoped the peace process would not be affected and that Syria would now exert its influence to rein in Hizbollah.

## Ripa di Meana says Berlusconi cheating in poll

By David Gardner in Brussels

Mr Silvio Berlusconi, the new Italian prime minister, is illegally using his dual position "to steal an advantage and cheat the electorate" in next week's elections to the European Parliament, Mr Carlo Ripa di Meana, the former EU environment commissioner, alleged in Brussels yesterday.

Mr Ripa di Meana, now

standing as an MEP at the head of the Italian Greens' list, presented a list of alleged infractions to the European Parliament, and demanded Mr Berlusconi's disqualification as a candidate for Strasbourg under EU electoral laws.

He also said lawyers acting for the Greens were trying to bring a case against the Italian premier's television monopoly under EU

treaty competition rules.

The former commissioner called for an immediate inquiry by the European Parliament into the "black-out conditions" for opposition campaigning because of the broadcasting monopoly exercised by the three private channels owned by Mr Berlusconi's Fininvest holding company, and the three RAI channels controlled by the government.

Campaign broadcasting had been cut by 30 per cent on RAI channels and 80 per cent on Fininvest stations, he claimed, although it is understood both groups agreed before last March's Italian general election to cut costs by cutting Euro-election coverage.

The Italian premier is heading his Forza Italia list in all five of Italy's electoral colleges. So too, in line with traditional practice in Italy, are a dozen other prominent politicians for their parties.

But Article 6 of the 1976 Act laying down rules for European elections, transposed into Italian law in 1979, states that members of national governments are ineligible for election as MEPs.

Only in Luxembourg are existing ministers, including prime minister Mr Jacques Santer, heading lists for Strasbourg. But there, by contrast, the government is up for re-election in national polls the same day.

Mr Ripa di Meana made clear this was "only the first round" in his movement's attempt to impugn the Berlusconi government. The second round will focus on persuading Brussels to bring a court case against the Fininvest/RAI duopoly.

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## Jakarta relaxes rules on foreign investment limits

By Manuella Saragosa  
in Jakarta

The Indonesian government has slashed limits on foreign investment in an effort to compete with neighbouring Asian economies offering more attractive investment packages.

The deregulation package has been welcomed as a breakthrough by Indonesia's international business community. "It is very, very big news for us and it will make a difference to the amount of companies investing here," said a Jakarta-based Japanese investor.

Foreigners will be allowed to own 100 per cent equity in a company. At present a maximum of 85 per cent is allowed for investors setting up in Java or Bali, the two preferred desti-

nations, and full ownership was permitted only for ventures worth \$50m (\$35m) or more on outlying islands.

The new laws also open up sectors as diverse as nuclear power, mass media, ports, telecommunications, railways and civil aviation to partial foreign ownership - the government did not specify what percentages it would permit - and lift restrictions on the region and minimum capital requirement.

The package also ends compulsory equity divestment for foreign companies, an issue which has frightened off many investors. Before, foreign companies were required to reduce their stake in joint ventures to 49 per cent, 20 years after their start-up date. Under the new laws, foreign investors may determine independently what

size of stake to hand over to their Indonesian partner after 15 years of operating in the country, allowing foreigners to retain majority ownership.

In addition, foreign companies will be granted 30-year licences to operate in Indonesia compared with 20 years at present.

"The teeth of the divestment laws have been removed and divestment was always a real problem for investors here," said a Jakarta-based economist.

The loosening of restrictions comes after foreign investors complained that the government's previous deregulation package of last October was not thorough enough. It was also sparked off by an unexpected drop in foreign investment last year.

## Aden calm



## NEWS: INTERNATIONAL

## N Korean dispute deepens

By John Burton in Seoul and Reuters

The US, South Korea and Japan were yesterday seeking ways to respond to North Korea's obduracy after a declaration by the International Atomic Energy Agency that Pyongyang had broken the continuity of nuclear safeguards inspections in unloading spent nuclear fuel from a reactor without outside supervision.

As the 15-month dispute over North Korea's nuclear programme reached a new critical phase, US President Bill Clinton said in Rome he also expected to discuss the crisis with Russian President Boris Yeltsin.

Mr Hans Blix, IAEA chief,

was due last night to brief the United Nations Security Council, which may next week consider imposing economic sanctions against Pyongyang. In Washington, South Korean and Japanese officials were involved in State Department talks.

The IAEA wanted to select and analyse the withdrawn fuel rods to determine whether North Korea had diverted plutonium from the reactor in 1993 to develop at least one atomic bomb, as claimed by US intelligence. It said it was no longer possible to verify independently if the North Korea had diverted the plutonium.

Pyongyang has warned that sanctions would be considered "an act of war" and threatened to withdraw from the nuclear

non-proliferation treaty (NPT), expanding its nuclear programme. But both China and Russia, which wield veto power in the UN Security Council, suggested yesterday that they would not support the immediate imposition of sanctions.

Mr Tang Jiaxuan, the Chinese deputy foreign minister, said during a visit to Seoul that diplomatic negotiations with North Korea must continue and sanctions "may only complicate matters".

In Moscow Mr Yeltsin told the visiting South Korean President Kim Young-sam that the Security Council must first issue an explicit warning to North Korea before resorting to sanctions. He added, however, that Russia would support

sanctions if North Korea withdraws from the NPT.

The US, Japan and South Korea will continue discussions today in Washington on the possibility of imposing a unilateral economic embargo if China blocks a sanctions resolution in the UN.

South Korea is already preparing measures to suspend gradually its trade with the North, which amounted to \$180m (£150m) last year. Japan may try to shut off cash remittances by Korean-Japanese to North Korea, which is Pyongyang's largest source of hard currency amounting to at least \$600m annually. The three countries will also consult on increased defence measures in preparation for a possible conflict on the Korean peninsula.

## The Tiananmen Square killings: five years on

## Air of stability belies leaders' nervousness

Tony Walker on why China's government is wary of the increasing boldness of dissidents

On Beijing's vast central Tiananmen Square, crowds of holidaymakers in the hot sun of early summer went about their business this week seemingly as usual.

They stood before the statue to the revolutionary martyrs, had their photographs taken beneath the late Chairman Mao's portrait on the Gate of Heavenly Peace, and gazed at the imposing Great Hall of the People.

These scenes of quiet coming and going might have been unexceptional if it were not for pervasive security on the square and in surrounding areas.

As the anniversary approached of the 1989, June 4, Tiananmen massacre, the authorities were prepared to go to extraordinary lengths to ensure that no incident would disturb an appearance of calm. Among the concerns preying on the minds of the leadership is that this year marks the fifth anniversary of the crushing of the student rebellion. More important, perhaps, is the emphasis that China's leaders have placed on political stability since a meeting last November of the Communist party's central committee.

This gathering approved a batch of sweeping economic reforms, including a belated assault on inefficient and over-staffed state enterprises. These risk antagonising a restless workforce at a time of cost of living increases and growing joblessness in cities.

Officially, China's urban unemployment stands at 2.6 per cent, but this vastly understates numbers of unemployed and under-employed workers. Some estimates put jobless rates in the cities at more than 20 per cent.

"This is a whole body of people just ripe for revolution," said a western official in Beijing who specialises in issues of social stability and human rights.

Sporadic workers' disturbances have become a fact of life in towns of the north-east and Yangtze River valley dominated by state-run heavy industries.

Peasant farmers are also angry over rising prices and poor returns. China's dissidents, in spite of a government crackdown including the recent arrest of their unofficial leader, Wei Jingshang, have also been speaking out.

This new boldness among political activists includes petitioning China's parliament, the National People's Congress, for the release of jailed dissidents. Wang Dan, one of the leaders of the 1989 movement, commented adventurously in a western publication this week that China's economic reforms would not succeed without progress in political reform and, in particular, a reassessment



Police guard Beijing's Tiananmen Square a day before the fifth anniversary of the military crackdown on democracy protests

ment of the Tiananmen massacre.

"After Deng Xiaoping's death, the first issue China will face will be re-addressing the June 4 events, not only at the top levels of the Communist Party but also among ordinary people," he wrote. "Unless it does this, China will find it impossible to make a smooth transition to a modern society."

These views will certainly not find favour with a Chinese leadership seeking to put the events of June 4 as far behind it as possible. Indeed, President Jiang Zemin, who also heads the Communist Party, sought last month in a rare direct reference to the Tiananmen massacre to argue that the crackdown on pro-democracy protesters had yielded positive benefits.

"A bad thing has been turned into a good," Mr Jiang told the visiting Malaysian Prime Minister Mahathir Mohamad.

"As a result, our programme of reform and opening has forged ahead with steadier, better and even quicker steps, and our advantages have been brought into even fuller play. History shows that anything conducive to our national stability is good," he added.

Mr Jiang's remarks were interpreted by western officials as a toughening of a self-confident government's warning to dissidents in light of China's "victory" over the US on the Most Favoured Nation trading status issue last month, when Washington abandoned attempts to use trade to pressure China on human rights.

But the government's seeming nervousness over internal threats - its official statements are marked by constant reference to the need to maintain stability at all costs - suggests that it is far from certain about keeping dissatisfied workers and peasants in check.

These concerns also coincide with worries about a protracted transition to a new generation of leaders.

Uncertainties about Mr Deng's health and the factional disputes that might follow his death are not the least of factors at play in a complex political game now being waged on several fronts.

Signs of weakness at this delicate stage would risk the government's survival. The crackdown on political dissent, and on worker and peasant agitation is set to continue long after June 4.

Meanwhile, in the past two weeks there has been a change in attitude by Beijing on social and economic issues in Hong Kong. Mr Lu Ping, China's top official on Hong Kong affairs,

## Mother's crusade to expose death toll

By Tony Walker in Beijing

Mrs Ding Zilin grieves to this day, with an intensity that is almost palpable, the death of her son slain by the Chinese army in the Tiananmen Square protests that erupted in Beijing in the late spring and early summer of 1989.

Five years after Jiang Jiehan, a 17-year-old high school student, left his parent's modest apartment for the last time to join the student protests, his mother has not forgotten nor has she forgiven those responsible. This year, she and her husband are fasting for the day to mark the occasion.

In the years since the death of her only child, Mrs Ding, a 57-year-old professor of aesthetics, has conducted what has been virtually a one-woman campaign to highlight the extent of the killing and to expose the perpetrators.

It has been a lonely crusade for which she has paid a price. She has been banished from the Communist Party and "retired" from her teaching job at the People's University of China. Her apartment, which features a small shrine to her son's memory, is under constant surveillance and her every move monitored by security personnel.

"The shedding of my son's blood awoke me," she says. "It was the loss of my son that touched my conscience as a naive Chinese intellectual. I was too passive."

If information is power in a system accomplished at restricting its spread, then Mrs Ding's campaign, which involves seeking to record details of every Tiananmen death, could be more threatening to the state than other forms of protest.

Ever since the Tiananmen massacre, the most bitter controversy has swirled about exactly how many were killed on June 3-4. The government claims victims numbered between 200-300, but Mrs Ding says the figure was close to 2,600.

In a letter to last year's United Nations Conference on Human Rights, she urged that the Chinese government be asked to release lists of people killed and wounded. She also demanded that an independent body be established to conduct an investigation of each victim, and that China be obliged to provide support and compensation for the families of those who perished.

And finally, she is calling for the law to be used to punish those responsible for ordering the army to crackdown on the demonstrators.

There could hardly be a demand more likely to rile the authorities, since some of China's most senior figures, including top leader Deng Xiaoping, were intimately involved in the decisions which led to the army firing on student protesters.

Mr Heseltine topped a poll of the 500 delegates by Ernst & Young, accountants, as the best person to lead the UK. He won 23 per cent of the votes, compared with 16 per cent for Mr John Major and 14 per cent for Mr Tony Blair.

He told the conference some of the larger chambers had a tradition of high-quality support through the provision of information and advice to companies. They had been drumming up export business since the days of Queen Victoria.

## Helicopter deaths leave hole in intelligence operations

## IRA outdone by tragedy

By Jimmy Burns, Michael Cassell and Our Belfast Correspondent

In human terms the helicopter crash on the Mull of Kintyre was a bigger blow to Northern Ireland's security forces than any single terrorist act since the Troubles began 25 years ago.

Beyond the grieving, a complex debate was under way about the precise implications that such a loss would have on Britain's ability to deal effectively with the IRA.

With the exception of the four RAF crew, all the victims were in important positions in intelligence - the most crucial area of counter-terrorist operations.

They included 10 members of the Royal Ulster Constabulary Special Branch, nine army officers linked to military intelligence, and six members of the Northern Ireland Office, among them representatives of MI5.

The most senior of the named victims was the RUC's assistant chief constable Brian Fitzsimons. As head of the RUC's 'E' Department, Mr Fitzsimons was responsible for co-ordinating intelligence gathering with other agencies and police units. His department controls specialist SAS-trained surveillance units and runs undercover agents.

Also killed was Detective Chief Superintendent Maurice Nelly, head of Special Branch (Northern Region) which covers one of the traditional Republican strongholds in the Londonderry area. Other regional middle-ranking special branch officers were killed.

Combating the loss caused by the crash will be high on the agenda at the next meeting of the low-profile Province Executive Committee, the body in charge of day-to-day operation of anti-terrorist activity.

The committee comprises the RUC deputy chief constable



Sir Patrick Mayhew and Sir Hugh Annesley: said the deaths were a huge blow to security efforts

(operations), the army commander of land forces and high ranking intelligence officers. It was not clear last night if any of those killed were regular participants in meetings, but it seems likely.

One senior RUC source spoke yesterday of the "tragic act of God" which "had done what the IRA had failed to do for 25 years". This view was echoed by Mr Jeremy Manley, armed forces minister, who said: "They are going to be very difficult to replace."

Other senior anti-terrorist sources were more measured in their assessment of the longer term implications of the crash. One insisted that all the information known to the victims was "fully documented and computerised".



Mr Fitzsimons was due to leave the RUC shortly to take up a post as chief of security for Ulster Bank. His deputy - who was not involved in the crash - and other officers of similar grade are understood to have been briefed about some key Special Branch operations.

Many senior RUC officers have specialist anti-terrorist expertise. As one anti-terrorist source put it yesterday: "There will be a slight hiccup, but otherwise people should be able to rearrange their desks fairly smoothly."

Within the army, Northern Ireland operations have for years involved relatively short-term postings for intelligence personnel. Replacement of those killed is also likely to involve minimum disruption.

At MI5, replacements would have been lined up by as soon as last night.

In the coming days one of the top priorities for people like Sir Patrick Mayhew, Northern Ireland secretary, and Sir Hugh Annesley, chief constable of the RUC - who both said the deaths had been a shattering blow - will be to regain the propaganda initiative from the IRA as the peace process enters a potentially crucial stage.

The crash was not the result of sabotage, and no security was breached by the terrorists. But security sources fully expect the IRA will now test the operational resilience of the UK's counter-terrorist effort as it comes to terms with the tragic human loss.

## MoD defends the Chinook

By Bernard Gray

The Ministry of Defence yesterday replied to criticism that the crashed Chinook helicopter had no "black box" flight recorder or all-weather radar to assist navigation in poor conditions.

The MoD said all-weather radar, useful for large commercial jets flying at height to avoid large storms, would be "more or less useless" for military low-level helicopter operations. Any weather signals would be confused by reflected ground noise.

It said Chinooks had pressure altimeters and downward radar sensors to estimate their height above ground, which should allow them to fly in poor visibility.

The MoD said that few military aircraft carried flight recorders - other accident investigation techniques were considered sufficient to determine the cause of any crash.

But Mr William O'Brien, a lawyer who specialises in air accident claims for solicitors Russell, Jones and Walker, said the lack of a flight recorder would slow the investigation.

"It can be important, particularly in crashes such as this

where the wreckage is widely spread and the airframe badly broken up," he said.

Mr O'Brien, who acted for the captain of the worst Chinook accident in the UK - when 45 oil-rig workers were killed off Shetland in 1986 - said a longer investigation would also slow the victims' families claims for compensation.

Apart from yesterday's crash there have been three bad accidents in UK-owned Chinooks. The Shetland accident was due to a mechanical problem which has been rectified.

Poor weather was a factor when three servicemen were killed in a Chinook crash in the Falkland Islands in 1986. In that accident, "white out" conditions made it impossible for the pilots to get their bearings.

Another Chinook was lost in the Falklands a year later, with seven killed, due to a different mechanical failure from the one that caused the Shetland crash.

The MoD is happy with the helicopter and is considering ordering more for Royal Air Force transport needs. A mixed order, probably for Chinooks and EH-101 helicopters, manufactured by Westland, is expected to be placed next year.

## Risk managers incredulous

By Richard Lapper and Andrew Jack

The decision to fly a group of top security chiefs in one helicopter has astonished leading risk managers and advisers working in the private sector.

The Ministry of Defence said yesterday that there were no formal procedures governing the travel plans of senior members of the armed forces. Air travel was far safer than the alternatives and it had no immediate plans to introduce procedures in the light of the crash.

Mr Laurence Law, national services director with Alexander & Alexander, the insurance broker which advises leading multinationals said: "I find it unbelievable. The basic thing you do is spread the risk. His company insisted that no more than two executive directors travelled on the same aircraft."

Mr Geoff Saunders, risk manager with RTZ, the mining company, said: "It is the number one rule in corporate travel policy. You never double up on key personnel. You just wouldn't put the whole board on one plane. It is a well established principle at our company and most corporations share the same philosophy."

Another company official said: "It's just common sense. You don't suddenly want a huge hole in your hierarchy."

Mr Peter Lervill, risk manager with British Airways and chairman of the Risk Managers Association, said: "This is just terrible from a risk-management point of view."

Professor Brian Toft, risk analyst at Sedgwick (UK), an insurance broker which advises a number of leading UK companies, agreed. He said: "I find it absolutely incredible that they could put all these people in the same aircraft. I can think of no large company who would put all their key players on the same flight."

At least one UK company has negotiated an arrangement with its insurers under which personal accident cover available to senior employees is restricted if more than two executives travel on the same flight.

Price Waterhouse, the accountancy firm, said it had a limit of 10 partners travelling on the same aircraft, or three senior executive partners.

Standard Chartered, the UK-based international bank, said it had a policy that no more than two directors travelled together by air.

## Heseltine chides chambers for poor business support

Mr Michael Heseltine, the trade and industry secretary, yesterday criticised chambers of commerce for providing inadequate support services for UK business.

Mr Heseltine, speaking at the British Chambers of Commerce conference in Birmingham, urged chambers to get into partnership with other support agencies.

Mr Heseltine topped a poll of the 500 delegates by Ernst & Young, accountants, as the best person to lead the UK. He won 23 per cent of the votes, compared with 16 per cent for Mr John Major and 14 per cent for Mr Tony Blair.

He told the conference some of the larger chambers had a tradition of high-quality support through the provision of information and advice to companies. They had been drumming up export business since the days of Queen Victoria.

But, he said, this was not the case in the newer industrial regions. "Outside the chamber network is patchy," he said. This meant that service was "something of a lottery".

Mr Heseltine plans 200 Business Links all over England by the end of next year - one-stop support shops offering information, advice, business health checks and training by pooling the local resources of the government, the chambers and the training and enterprise councils which deliver government training schemes.

He warned the chambers not to be parochial. He said: "You cannot allow yourselves to be seen as watching on the sidelines like a pack of vultures waiting to make a hearty meal of the carcass. I urge you now to join with your partners."

The theme of support for small businesses was the strongest to emerge from yesterday's discussions.

Mr Eric Swainson, vice-chairman of Lloyds Bank, said: "Banks want and need industry to succeed." Mr Pen Kent, executive director of the Bank of England, referring to the hostility between some companies and their bankers during the recession, said: "In the next decade we want to get much more right than we got in the last one."

Both made clear that there was money available for small businesses. Mr Kent said: "The banks have the headroom to lend if they see opportunities. The shortage now is of demand."

Both urged companies to break away from dependence on the overdraft. Mr Kent said it was "a false economy - it sometimes looks cheaper, but it does not have the commitment of both sides of a term loan".

Mr Swainson said: "The more structured borrowings are, the easier it is to adopt an effective financial plan." But he came out against bank support for companies through the long-term holding of equity.

Sir Andrew Hugh Smith, chairman of the Stock Exchange, favoured encouraging local investors to invest in local companies.

Calling for tax changes to stimulate the process, he said: "A capital gains tax regime which allowed an investor to ringfence his gains when he sold one share and reinvested in another would stimulate that sort of investment."

## Public sector staff 'take more sick leave'

By David Goodhart, Labour Editor

Public-sector workers take an average of 10 days sickness absence per year compared with 7 1/2 days in the private sector, according to a survey for the Confederation of British Industry.

Overall absence through sickness costs employers £11bn per year, says the survey. However, it acknowledges that this could be an underestimate because it takes no account of lost production.

If the public sector were brought into line with the private sector, says the CBI, the saving for taxpayers could be £540m.

But the survey also shows that while the cost of absence has fallen by £2bn, from £18bn in 1982, the number of working days lost is actually up by 5m to 168m. This reflects the growth in part-time work and the fact that the cost of providing cover is lower for part-timers.

## UK draws back over rights

By Simon Hotherton in Hong Kong

The British government has drawn back from inflaming its delicate relations with China, rejecting calls for the establishment of a human rights commission in Hong Kong and denying visas to two leading Chinese dissidents ahead of today's fifth anniversary of the Tiananmen massacre.

Governor Chris Patten declined visa requests by Mr Liu Xiaobo, a distinguished Chinese journalist, and Mr Ruan Ming, the former private

secretary of Mr Hu Yaobang, China's former communist party chief. A senior official said Hong Kong could not become a base for "subverting" the Chinese government.

The UK government is expected to formally reject the creation of a human rights commission when it replies later this month to a Commons committee report which endorsed the idea. China has made it plain that such a commission would be abolished after its 1997 takeover.

Hong Kong and British government officials indicated

that Beijing's "neutrality" about Tiananmen and human rights had prompted the government to seek different ways of achieving civil rights gains in Hong Kong other than high profile commissions. This has been rejected by liberal groups in the colony who believe their interests are being sacrificed in favour of better Anglo-Chinese ties.

Meanwhile, in the past two weeks there has been a change in attitude by Beijing on social and economic issues in Hong Kong. Mr Lu Ping, China's top official on Hong Kong affairs,

has suggested solutions to financing the colony's multi-billion dollar airport project, the composition of Hong Kong's top court post-1997, and the development of a container port.

Pro-British legislators yesterday raised no objection to the government's request for funds to build a tunnel under Hong Kong harbour for the new airport planned railway. The vote providing HK\$715m (£61.6m) without dissent was seen as evidence that a solution to financing the airport was within sight.



# Tories at record low in Scotland

He said: "It is the sort of word politicians sometimes find comes home to haunt them. We are certainly not proposing to extend VAT. We don't have any great enthusiasm for extending the base. But it would be dishonest to say it will never happen."

the main challenger to the Tories. But yesterday the Liberal Democrats were not giving up hope, claiming that defeated Tories were more likely to come over to them.

In neighbouring Bedford and Milton Keynes, campaigners for Mrs Curreis also believe that the Liberal Democrats could foil a Labour victory. "Edwin can afford to come second in every part of the constituency," said one of her supporters last week. "But she could still win if Labour fails to come first in more than a third of the seat."

## Race for

# dispute

resume a series of one-day strikes.

The BBC said in a statement that it had been "constructive"

The BBC said in a statement that it had been "constructive" and had sought "to address the unions' concerns".

The BBC insisted yesterday it had not backed down on its two main objectives, which are to devolve conditions of service agreements to lower levels of management and to maintain the link between pay and performance.

The former Archbishop of York, Dr Stuart Blanch, died yesterday after a long illness. He was 76.

Lord Blanch, who was made a life peer in 1983, was archbishop from 1975 to 1983. He was a former Bishop of Liverpool.

Dr John Habgood, his successor, paid tribute to Lord Blanch, saying his death would cause "great sadness" throughout the diocese.

distance himself from any direct involvement in the deals, Mr Rook said.

He told the SFO he knew nothing of a £4m loan from Brent Walker to Alberta or that his company had fully guaranteed it. However, Mr Rook showed the jury documents signed by Mr Walker which, he said, demonstrated that the loan had been guaranteed.

The trial continues on Monday.

It appears he had nothing to do with Universal but on the basis that dead men don't talk, it was easy to attribute UTM transactions to him," he said.

UTM was one of three apparent purchasers of the rights, the prosecution says. When questioned by the Serious Fraud Office about transactions concerning a second purchaser, a company called Alberta, Mr Walker sought to

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# Home-loan figures confirm slowdown

By Alison Smith

Growing concerns about a slowdown in the housing market after April's tax increases were confirmed yesterday by figures on mortgage lending from the Bank of England.

The statistics also highlighted a striking drop in new net mortgage lending - a figure which takes into account repayments of principal - being undertaken by banks.

Seasonally adjusted figures showed

a 14 per cent drop in new net mortgage lending, to £1.61bn in April from £1.87bn in March, and a 9 per cent fall in new gross lending over the same months, to £4.59bn from £5.04bn.

While the statistics showed a fall in new lending undertaken both by banks and by building societies, the steepest drop was in banks' new net lending, which fell by more than 50 per cent - to £288m from £546m in March.

The figures also showed the return to the mortgage market of specialist

lenders, such as centralised lenders which do not operate through branch networks. The net lending they undertook during April totalled £266m, while in the previous month it had amounted to only £11m.

Mr John Wrigglesworth, building society analyst at stockbrokers UBS, said that banks' apparent "lack of aggression" in this area was surprising, given that margins were still wide and were sufficiently attractive to bring specialist lenders.

The total number of loans approved in April fell back on both seasonally adjusted and non-seasonally adjusted bases to below the equivalent figure for last year.

After seasonal adjustments, some 79,000 mortgage loans were approved, compared with 83,000 loans in April 1993. The total value of loans approved totalled £4.60bn in April, while in the corresponding month last year it amounted to £4.76bn.

Commenting on the figures, the

Council of Mortgage Lenders, which represents banks, societies and other lenders, underlined the warning given to the government on Thursday by Halifax Building Society, the UK's largest mortgage lender.

Mr Peter Williams, the council's head of research and external affairs, said it was particularly important "that income support arrangements for the payment of mortgage interest are left intact and that interest rates remain stable".

# Bids to supply trains invited

By Charles Batchelor, Transport Correspondent

London Underground has invited four companies to bid to supply it with new rolling stock for its ageing Northern Line. The contract will provide a test of the government's commitment to involving private-sector finance in public-sector transport projects.

It emerged in March that an initial proposal from ABB to lease trains to London Underground had fallen foul of the Treasury rules.

Strong pressure from Tory MPs, business organisations and government advisers led to agreement to hold a bid competition. Rolling stock on the Northern Line - dubbed "the misery line" - is 30 years old.

The original ABB proposal was to supply 100 trains for £440m with a 20-year maintenance contract worth another £300m. London Underground said it expected that new bids would be substantially different.

Delivery of the trains is to take place between one and three years.

Apart from the Treasury guidelines, bids will have to provide benefits for travellers in the shape of extra capacity and speed.

ABB has warned that failure to win the contract could result in the loss of 600 jobs at its Derby factory. It is, however, just completing the delivery of similar trains for the Underground's Central Line so would be spared the cost of establishing a new production line.

They will be expected to file their bids by September. The contract will be awarded before the end of this year.

The companies will have to frame their bids in a way which transfers sufficient risk to the private sector to meet tough Treasury guidelines.

The guidelines are intended to ensure that financing deals involve more than simple staged payments by, in this case, London Underground, because funding could then be raised more cheaply by the government.

Instead of having one big revision every six months, we have smaller revisions more regularly - the advantage is that we can arrive at the final pricing place quicker," the Bank said. The only monetary figure that will not be updated will be December's M0, which is highly volatile due to Christmas spending, it added.

The first data that will incorporate the changes will be M4 figures on June 20.

Bank officials insist these fears are exaggerated. After running test dummies of the new system for the past two

years, it predicts that revisions will initially change M0, the narrowest measure of money supply, by 0.3 of a percentage point a month. M4, the broadest measure of money supply, is likely to change by 0.1 percentage point a month.

Mr Bob Pannell, economist at the Building Society Association, said: "In my own view this is an unhelpful development. You get to a stage where the markets are reacting to second revisions and it becomes more remote from the real economy."

Bank officials insist these fears are exaggerated. After running test dummies of the new system for the past two

# Three injured by parcel bombs

By Jenny Luesby

Three people were yesterday injured by parcel bombs sent to five companies involved in the meat trade. Police believe the attacks were linked and may have been the work of animal rights activists.

Four bombs exploded yesterday morning in Kent, Gloucestershire, Oxfordshire and Edinburgh, and a fifth was dismantled.

Nobody had claimed responsibility for the bombs by yesterday evening.

The bombs, which arrived in 12-inch cardboard poster tubes, were sent to two meat-transporting companies, a ferry line that transports animals, a pig breeding company and a chicken breeding plant.

Gloucestershire police warned the meat trade to be extra vigilant and to contact police if they came across anything suspicious.

Mr Robin Webb, spokesman for the Animal Liberation Front, said yesterday that he was sure the devices were sent by the Justice Department, a group of animal rights activists. Last year the group sent 12 parcel bombs to scientists and suppliers of animals to laboratories.

"The group appears to concentrate each wave of devices on a specific area of animal abuse," Mr Webb said.

The Research Defence Society, a pressure group drawn from university and commercial laboratories, which says that animals are essential for medical research, has called on Mr Michael Howard, the home secretary to give "urgent consideration" to the Justice Department group.

The group has not yet been publicly identified with any individuals, although police have co-ordinated their efforts to track the group down.

# Bank adjustment plan criticised

By Gillian Triggs, Economics Staff

A note of controversy has emerged over UK monetary statistics after the Bank of England announced yesterday that it would change its system of seasonal adjustment next month.

City analysts and banking officials fear that revising the monetary figures monthly, instead of six-monthly, could add more uncertainty to the monetary series and undermine public confidence in the data.

The Bank argues that monthly revisions to its estimates will be relatively small and insists that the updating

system will provide accurate data more quickly.

The British Bankers' Association said it had reservations about the new system, which is being forced on it as a result of the Bank's changes. It admitted that the system would pick up seasonal trends more quickly, but said it would make it harder for City analysts to produce forecasts.

The association added: "The big disadvantage, especially to commentators who are expected to analyse the latest month's figure, is that they will not necessarily know where they are starting from, since the previous month's figures will have been revised - perhaps significantly."

These fears were echoed by City analysts. Mr Michael Saunders, UK economist with Salomon Brothers, said: "I would rather that [the revisions] were done every year, not every six months. Doing it every month will add more uncertainty."

Mr Bob Pannell, economist at the Building Society Association, said: "In my own view this is an unhelpful development. You get to a stage where the markets are reacting to second revisions and it becomes more remote from the real economy."

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# Counties review 'is policy fiasco'

By John Authors

England's local government review is a "policy fiasco" driven by "doctrinaire" commitments, says a report by six academics.

They say the review is proceeding "in a vacuum" with little input from the government, which it is seen by the government as less politically embarrassing than stopping it.

The Independent Local Government Commission, chaired by Sir John Banham, has recommended alternative structures for non-metropolitan authorities to the Department of the Environment.

Mr John Gummer, the environment secretary, prefers all-purpose "unitary" authorities as replacements for the present two-tier system of counties and districts.

Mr Steve Leach of Birmingham University's Institute of Local Government Studies, who edited the report, said: "The commission appears to be driven by a doctrinaire commitment to the unitary concept for its own sake. This leads to it having to argue the case for a size of authority which will often neither reflect local community identity nor be able to carry out strategic functions."

The academics say that the strongest options, using Mr Gummer's own criteria, are "often the two-tier status quo, or a county-wide unitary authority" with genuine devolution of power to local communities.

The Local Government Review: Key Issues and Choices. INLOGOV, University of Birmingham, Edgbaston, Birmingham, B15 2TT. £11.

# Tories excluded in hung councils

By John Authors

Conservatives have been excluded from power in most of the councils where no party won an overall majority in last month's local elections.

In London four hung authorities - previously Tory-controlled - are run by opposition parties. Barnet in north London is run by a Labour-Liberal Democrat coalition, with a Labour leader, Bexley and Redbridge are both run by Labour minority administrations, while Liberal Democrats are running Harrow as a minority.

Outside the capital, Labour minority administrations are in place in Liverpool, Oldham, and the West Yorkshire districts of Calderdale and Kirklees, while a Liberal Democrat-Labour administration, with a Liberal Democrat leader, runs the previously Tory-controlled Southend. Epping Forest in Essex, also previously Tory-controlled, has shared committee chairs between Labour, residents' groups, and Liberal Democrats.

The magazine Local Government Chronicle has also found several examples of collusion between Liberal Democrats and Conservatives. In Lancashire both Rochdale and Pendle are run by Liberal Democrat administrations with Conservative support, while the two parties have split committee chairs between them on Broadlands district council, Norfolk.

But Liberal Democrats and Tories have failed to agree in the formerly Labour-controlled London borough of Lambeth.

# Gloomy forecast for Hualon plant

By Jenny Luesby

Kurt Salmon Associates, the independent advisers to the UK government on the planned Hualon textile plant near Belfast, last month issued a statement forecasting sharp declines in European production of the fabrics that will be made at the £157m plant.

Mr Tim Smith, the economy minister for Northern Ireland, said this week that KSA had been employed by Northern Ireland's Industrial Development Board to provide "specialist marketing and production/technical advice" on the plant, which is to receive £80m in government grants.

Mr Smith said KSA had concluded in its report for the IDB that the market for the Hualon plant's products was growing. The contents of KSA's report to the IDB are not publicly available and are bound by customer confidentiality.

The report was not part of the project appraisal - it was commissioned after the UK government had approved the project, and after the European Commission had announced a formal inquiry into the proposed plant. KSA said yesterday that it had finished the report last December, a year after the UK submitted the Hualon proposal to the Commission for approval.

Last month, however, KSA issued a statement in response to media inquiries about the plant, in which it forecast a 22 per cent fall in synthetic fabric production in the European Union between 1991 and 2001, and a fall of 25.4 per cent in cotton fabric production.

These forecasts were initially produced by KSA last year, in a special report on the textiles industry, and were published by the consultancy before it undertook the report for the IDB on the Hualon plant.



## FINANCIAL TIMES

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Saturday June 4 1994

## Bond storm falls on UK

"The role of the central bank is to think - indeed worry - about inflation before ordinary people start talking about it." These words were delivered by Professor Mervyn King, chief economist of the Bank of England, in a lecture to the Institute for Fiscal Studies this week. His remark has two important implications: first, that if a central bank (or finance ministry) is not prepared to court unpopularity during a recovery, it is shirking its responsibilities; second, that ordinary people should worry about the possibility of higher short-term rates of interest before they hear their friends talking about inflation. In the UK the time to start thinking about what higher base rates might mean is now.

The immediate background is what a Hollywood producer might call the bloodbath on Lombard Street. Since just before the quarter point increase in the short-term rate of interest, announced by Mr Alan Greenspan, chairman of the Federal Reserve, back in early February, bond markets have tumbled everywhere. The prices of 10-year bonds have fallen 11 per cent in France, 9 in Italy, 8 in the US and Germany and even 4 per cent in Japan.

Yet nowhere in the group of seven industrial countries, except for Canada, have bonds been battered as brutally as in the UK. The prices of 10-year gilts have fallen 15 per cent, while yields have gone from a reasonably cheap 6.4 per cent to an expensive 8.5 per cent, in these four months. Moreover, the decline in gilts has been accompanied by an almost identical proportionate decline in the FTSE-100, a greater fall than in the other G7 economies.

## Speculative positions

Mr Greenspan was the matador who slew the bond market bull. He did so by triggering a global margin call on speculators. While the unwinding of speculative positions is, no doubt, the immediate cause for the correction, more fundamental reasons can also be identified. These include faster than expected growth in the US economy, signs of recovery in continental Europe, rising commodity prices (though from historically very low levels) and relatively rapid monetary growth in several economies, notably Germany.

The most important implication is that no compelling reason can be found for expecting markets to regain what they have lost, at least in the near future. Before February, bond prices were being pushed up by the prospect of early capital gains. Now prices are being held up mainly by investors looking for yield. Unfortunately

for borrowers, their desired yields are painfully high.

Against current rates of inflation, real yields run from some 3 per cent in Japan to 6 per cent in the UK, presumably because investors have rather greater confidence that current rates of inflation will last in Japan, Italy and Canada alone have higher nominal yields than the UK.

## Confidence gained

The latter's poor reputation is hardly surprising. As Professor King notes, over the past quarter of a century, inflation in the UK has averaged 9 per cent a year. Now, judged by the gap between the yield on index-linked and on conventional gilts, expected inflation is half that level. This is a striking measure of confidence gained. But it is also a measure of how far confidence falls short of the government's target of 1.25 per cent inflation "by the end of this parliament".

Since its trough in January the yield on index-linked gilts has risen by just over one percentage point, to 3.9 per cent, while the yield on 10-year conventional gilts has risen by a little over 2 percentage points. Thus, perhaps half of the total increase is due to higher real rates of interest, presumably caused by prospects for improved global growth, while half is due to what might be called an increased inflation premium.

The question is what the particularly adverse shift in the UK bond market means for British government policy. It means, first of all, that the UK government lacks credibility more than do most other G7 countries. This is worrying enough in itself and particularly worrying for such a large borrower. One implication is that the government needs to borrow as much as possible in inflation-hedged instruments, such as index-linked gilts.

It means, still more, that the government has to err on the side of caution. Narrow money is growing at more than 7 per cent a year. The tax increases do not seem to have halted the growth in domestic demand, though higher long-term interest rates will themselves have a deflationary effect, notably on housing. The economy is growing at just a little above its probable long-run potential, about as fast as the authorities can permit. Whatever one's view of the economy's potential output, experience in the second half of the 1980s demonstrates the inflationary costs of converging upon it too quickly.

The conclusion is simple: the next shift in base rate must be up. The question is not if, but when. The answer is sooner rather than later.

Despite the summer sunshine, a deep chill has descended over the European capital markets. Fears of renewed inflation have crossed the Atlantic, making an unexpected and disturbing entry in Europe's financial centres. Across the continent, bond prices in the past month have suffered the steepest fall since early 1990, when markets were unmoved over the prospective economic impact of German unification.

Amid widespread concern about sharply rising money supply growth in Germany, the sell-off has brought long-term bond yields in Europe's most powerful economy to slightly above levels in the US. Hopes have evaporated that Europe could be shielded from the long-term interest rate rise in the US after the Federal Reserve started tightening credit in February.

Since economic recovery in Europe is still only hesitant - in contrast to the US, now in the fourth year of recovery - the sharp rise in long-term interest rates has come at a difficult time. Unemployment in the European Union is a record 11 per cent.

Reflecting the turbulence, 10-year bond yields in Germany closed yesterday at 7.07 per cent, up by 0.24 points compared with the previous week and 2.52 points compared with the end of last year. Yields on UK government bonds (gilts) were up nearly 2 points compared with the end of last year, while those in France rose 2.70 points.

Investors and traders have been badly unsettled. "It's still going on here," says Mr Sanjay Joshi, chief bond economist at Deira Europe, the securities house, in London. "Everyone is underwater."

Pressure on French bonds has mainly come from futures contracts. "It is quite incredible," says one Paris bond analyst. "You could never have predicted these levels a few months ago." An economist at a French merchant bank says: "A lot of leveraged foreign investors, particularly in the US, have been pulling their money out of French and other European bonds."

Mr Christian Strenger, chief executive of Frankfurt-based DWS, the Deutsche Bank affiliate which is Germany's biggest fund management group, says fundamental economic factors do not justify the steep yield rise. But he adds: "A lot of people have been badly hurt. It will be a little while before they get back into the game."

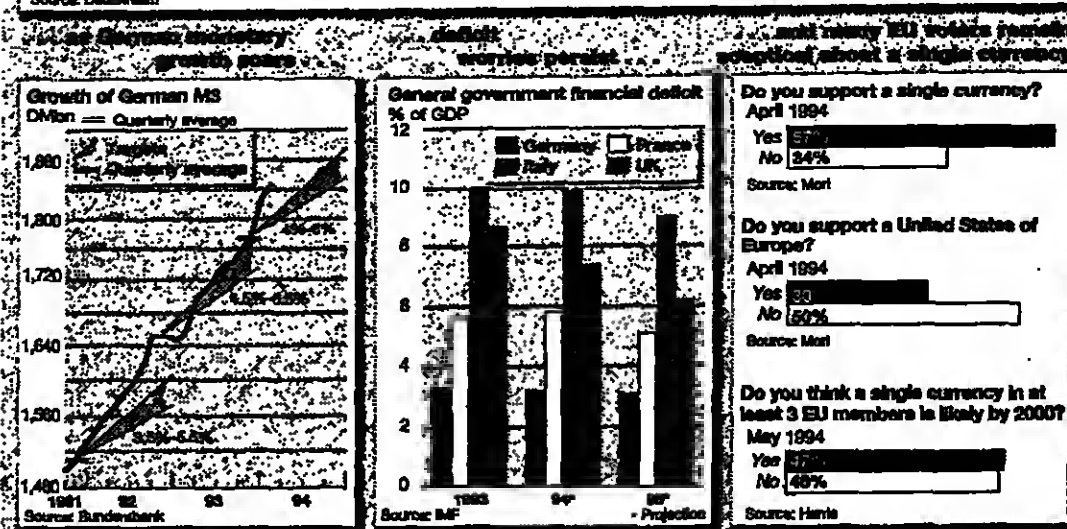
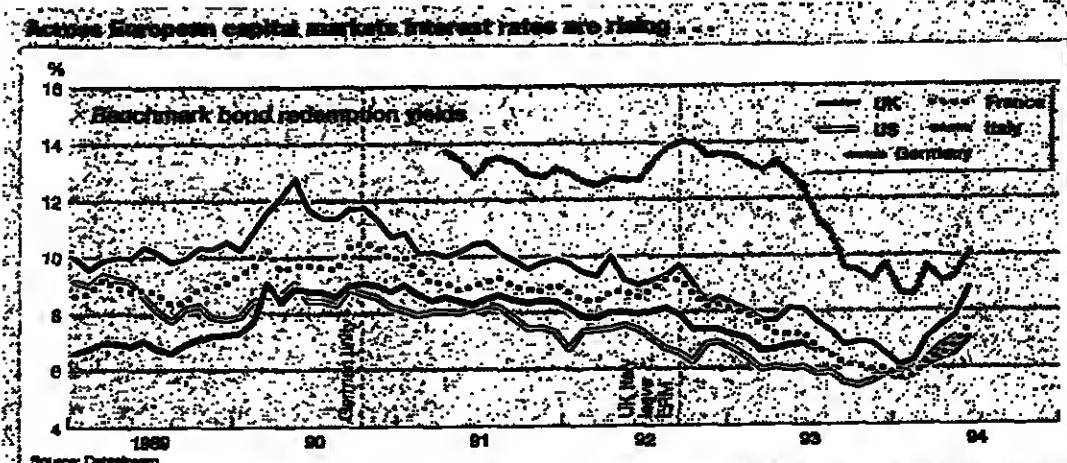
Mr George Magnus, international economist at S.G. Warburg, the merchant bank, is still more pessimistic. "We are seeing a very aggressive and painful adjustment in real yields. This is a bear market that will have occasional fierce rallies. But basically the trend will continue over the next six to 12 months."

The interest rate squeeze spells bad news for European governments trying to fund large budget deficits on nervous and volatile markets. If it persists, the tightening could have repercussions for the European Monetary System, which has been performing relatively smoothly since the abandonment of narrow bands last August.

International financial uneasiness has brought acute consequences for weaker-currency governments in Europe, penalised by financial markets for failures to control budget deficits. As investors fret about poor European economic convergence and the shrinking chances that economic and monetary union will take place by the initial 1997 target date, a gap in bond market yields between northern and

Even though inflation pressures still seem low, FT writers say pessimists are in the ascendant in European bond markets

## Chill blows in from the west



southern Europe seems to have become permanent.

The bond market shake-up could add to political pressures on several European governments. In Spain corruption scandals affecting the ruling Socialist party have prompted rumours of a possible downgrading of Spanish government debt. "The fact that the Spanish market has fared worse (than other markets) has little to do with fundamentals and more to do with the political situation," said Mr José Luis Feito of Madrid brokers AB Asesores.

In a week of contradictory economic data, the markets have been ignoring good news and focusing on the bad. A post-unity inflationary fillip in Germany - one of the main reasons for upward pressure on European interest rates during 1990-92 - now seems to have ended. According to figures published this week, the annual rate of German price rises has fallen to 2.9 per cent, the lowest for three years.

However, this development has been outweighed by worries about the Bundesbank's cuts in short-term interest rates in the past two months, in spite of soaring growth of M3 money supply. According to latest Bundesbank figures, which

have been distorted by exceptional factors, annualised M3 growth in April was 15.8 per cent, well above the Bundesbank's 4 to 6 per cent target. This year is almost certain to be the third in succession in which the Bundesbank's money has been exceeded by a wide margin.

Mr Thomas Mayer, senior economist at Goldman Sachs, the investment bank, in Frankfurt, believes the Bundesbank made a misjudgment in its latest ½ point cut in the discount rate in May. He predicts that 1994 growth in M3 money supply will be more than 10 per cent.

"This may or may not lead to future inflation but for market participants it is deeply unsettling. It would be reassuring if the Bundesbank would clarify its policy."

On a broader front, the tactics of the Bundesbank have attracted unusual criticism during the past fortnight. On May 23, ambiguous remarks by Mr Hans Tietmeyer, the Bundesbank president, about a pause in cuts in interest rates - later clarified as referring simply to its official rates rather than money market rates - depressed bond prices. Additionally, the Bundesbank has twice during the past fortnight cancelled auctions of short- and long-term German

government bonds.

The German finance ministry justified the delay on the grounds that its short-term financing needs had been fulfilled. But the Bundesbank's cancellations were widely interpreted as confirming that investors had no intention of returning to the market. Additionally, the Bundesbank's moves disrupted bond auctions in France, Spain and Italy - governments with considerable financing needs.

For many analysts, this week's bond market fright has been excessive. In most of Europe, inflationary pressures are still thought to be low. "I think that fears of a resurgence of inflation in Germany are overdone," says Mr Hermann Beyer, chief economist at BHF Bank in Frankfurt. "Our prediction is that inflation will be about 3 per cent throughout much of next year, and may even fall below that." However, this week's worries over the Bundesbank's policies have been just one of the factors weighing on the markets.

Signs of a slight pick-up in economic recovery in Germany and France - the subject of a confident communiqué from the Franco-German summit in Maastricht on Monday - have added to bond market

fears about higher interest rates in coming months. Growth in both France and west Germany may be 1.5 per cent or more this year. These rates of expansion are moderate by comparison with previous recoveries, but they are none the less higher than forecast earlier in 1994.

● In Britain, government bond prices fell particularly steeply in the week after release of data showing a 7.1 per cent rise in Britain's narrow M0 money supply in the 12 months to May.

● In Italy, Mr Antonio Fazio, governor of the Bank of Italy, issued a public warning to the new government about the risk of increasing inflation through measures to revive the economy.

The biggest single concern for bond investors is the sheer weight of government debt. Because of the size of debt interest payments in all EU countries, this week's increase in interest rates will add to strains on budgets - offsetting the positive effect on government finances of the European economic recovery.

In a speech this week, Mr Tietmeyer underlined that 1994 budget deficits across the EU would average more than 6 per cent of gross domestic product - slightly down from last year. Total public debt, on the other hand, would grow to more than 70 per cent of GDP. Mr Tietmeyer warned that governments could become "impotent prisoners in a budgetary debt trap".

Fears like this have played a particular role in discouraging non-resident investors from buying European government bonds this year. Reflecting increasing globalisation of markets in recent years, a Salomon Bros study estimates that investors from abroad last year accounted for 73 per cent of net issuance of government bonds in Germany, 50 per cent in Italy, 48 per cent in Spain, 34 per cent in Denmark, 25 per cent in the UK and France and 22 per cent in Italy.

Bond analysts report that US-based "hedge funds", which were large buyers of European government debt last year, have recently stopped purchases.

If, as many economists believe, German money supply figures show a marked slowdown in coming months, allowing the Bundesbank to resume interest rate cuts, the interruption in bond purchases by international investors could be overcome relatively quickly.

On the other hand, as Mr Rolf-Günter Thummann, a specialist on the German economy at Salomon Bros, points out: "No one knows how M3 will behave. The uncertainty will not go away soon." The nightmare for German policy-makers is that M3 will continue to misbehave throughout the summer - intensifying fears among domestic German investors of a build-up in inflationary potential.

Under these extreme circumstances, the Bundesbank might have little choice but to engineer an increase in interest rates during the summer - at a highly inopportune moment during the campaign for the German general elections in October. "At the beginning of the year, the possibility that Germany would start to tighten policy was not on the agenda," says one London bond analyst. "But now things have changed."

Report by David Marsh and Antonia Sharpe in London, John Riddling in Paris, David Waller in Frankfurt, David White in Madrid, Peter Wise in Lisbon

## Cinderella rides the waves

For the past 20 years, CanWest, Canada's largest privately-owned television group, has been offered radio stations or stakes in stations. It has always said No - until now.

The Canadian group, which also has television interests in New Zealand, Australia and Chile, this week took a 24.5 per cent stake in Talk Radio UK, the UK's third national commercial broadcaster. CanWest regards the deal as one of the most exciting media investments it has made.

Mr Arthur Price, who used to run MTM, the Hollywood independent production company responsible for the drama series *Hill Street Blues* and *Lou Grant*, is equally enthusiastic. His money is behind the UK-controlled Media Ventures International, the largest shareholder in the station, which saw off five rivals to clinch the winning bid.

Mr Price may be running something of a risk with his share of the 28.5m equity. It remains unproved whether Talk Radio UK can replicate in the UK the increasing success of talk format radio stations in north America. It plans to mix news, controversy and debate with drama, comedy and quiz shows.

The station, due to be launched on February 4, and the interest it has created among investors, is nevertheless the latest symptom of the renaissance in commercial radio in the UK.

After more than a decade of trying, the Cinderella medium has broken free from its financial straitjacket: commercial radio accounted for only about 2 per cent of total UK advertising revenue, even as the number of stations has grown. Last year radio advertising leapt to £178.5m, compared with £140.5m the previous year, while the proportion of total advertising rose from 2.3 per cent to 3.4 per cent - quite apart from a further £50m received in sponsorship. Commercial radio has increased its share of total advertising to more than 45 per cent and on present trends should overtake all the BBC stations combined sometime next year.

## Raymond Snoddy on the growth potential of UK commercial radio



Radio days: heady times again for commercial stations in the UK

This overall improved performance has started showing through in the industry bottom line, with the largest commercial radio group, Capital Radio, reporting its best figures - a pre-tax profit of £8.4m for the six months to March - an increase of 80 per cent over the same period a year before.

Investors in the City of London, like the advertising industry, are starting to take radio seriously. "Commercial radio has come of age. At the moment everything is positive for radio," says Ms Lucy Brooks, an analyst who specialises in radio at the UK stockbroker James Capel.

The arrival of the national stations, in particular the first of them, Classic FM, has been vital in raising the profile of an industry that was previously local, fragmented and seen as rather downmarket. "I do think Classic FM made commercial radio respectable," says Mr

Peter Baldwin, director of the Radio Authority, the industry regulatory body. In this case respectability led straight to earnings.

Commercial radio executives like to tell the story of how Barclays Bank became a convert to their cause. Scarcely a year ago, it is suggested, by directors who were listening with pleasure to the new classical music station. Last year, Barclays spent considerably more than £1m on commercial radio.

While Classic, Richard Branson's Virgin 1215, the second national station, and Atlantic 252, the other, "unofficial" commercial broadcaster from the Irish Republic, which transmits to a large part of the UK on long wave, have been important in making radio a more central medium for advertisers, other factors have also been significant.

One has been the creation of National Network Radio, an initia-

tive by Mr Richard Eyre, the managing director of Capital, which made it possible for the first time to buy an advertising campaign on more than 120 local radio stations from a single purchase point - campaigns that can be aimed at targeted audiences such as football fans.

In another move that has boosted revenues from commercials, radio stations set aside their rivalries to support the Radio Advertising Bureau, which promotes radio as a medium and advises potential advertisers on how to make the most of commercial radio.

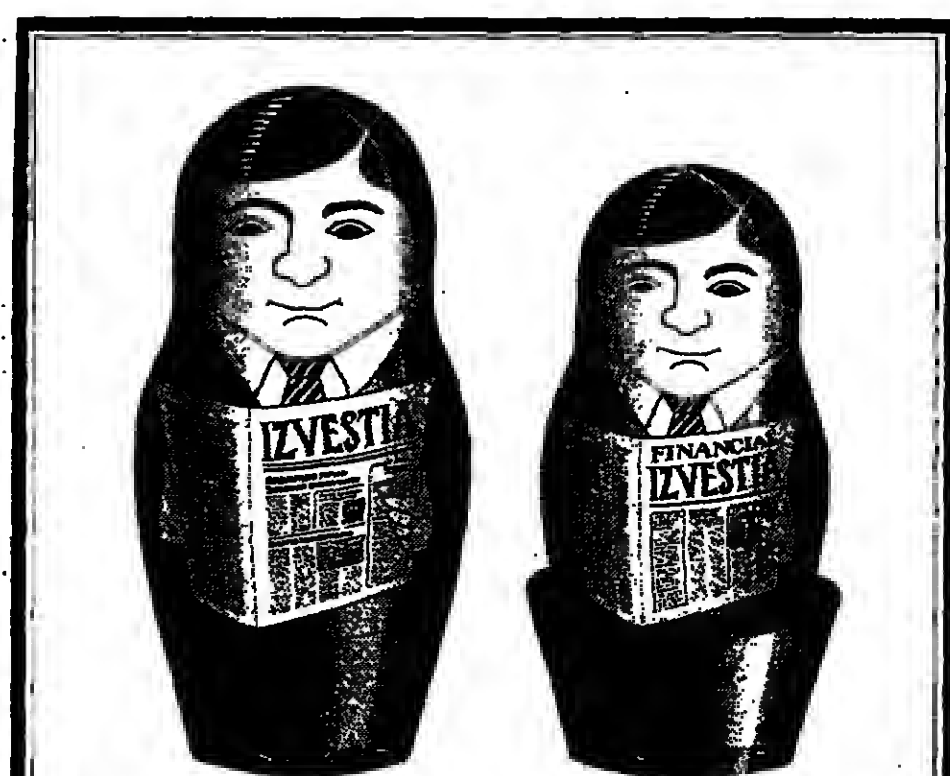
Commercial radio has also received a big boost from radical changes at BBC Radio 1 taking the channel even further away from a hit music driven agenda. The result has been the loss of more than 3m listeners in less than two years.

Further growth is likely to come from a host of new regional and local stations. Five regional stations launch in September - for example Heart FM in the West Midlands. Chrysalis, the media and record group which won the licence, plans to offer adult contemporary music.

Mr Richard Huntingford, head of Chrysalis Radio, believes the potential for building assets is considerable. The franchise application - only national stations go to the highest financial bidder - cost about £50,000. The station will be worth, he believes, closer to £10m.

Chrysalis is also planning to take its adult contemporary music format to London, where applications for four licences - two AM and two FM - are due in by June 28. Chrysalis will face competition, not least from Transworld, one of the largest commercial radio groups, which have been working on an adult contemporary music format for more than two years.

Mr Eyre of Capital believes that such initiatives will ensure that commercial radio continues to leap forward. He says the European average of 6 per cent of total advertising devoted to commercial stations is attainable in the UK - sooner than most people expect.



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FINANCIAL TIMES



## MAN IN THE NEWS: Prince al-Waleed bin Talal bin Abdulaziz

## Mythic hero's princely sum

Mark Nicholson on the Saudi royal who has come to the rescue of Euro Disney

It takes a prince, of course, to conjure up princely sums. But it takes a very modern prince to invest them profitably in global banking and leading US department stores, turn around a debt-laden Saudi Arabian bank and manage a panopoly of contracting, retail and property businesses.

Enter Prince al-Waleed bin Talal bin Abdulaziz, 39-year-old nephew of King Fahd of Saudi Arabia, grandson both of Saudi Arabia's founding monarch and Lebanon's first prime minister, billionaire businessman and, this week, financial saviour of Euro Disney.

Prince al-Waleed announced that he would buy up to 24 per cent of Euro Disney, owner of the troubled EuroDisneyland outside Paris. He thus became, to the joy of headline writers, the prince from the mysterious, silent kingdom of flowing robes and mythical private wealth who swooped to rescue the failing European outpost of the 20th-century's most potent purveyor of fairy-tales.

But who is this latest Disney hero? And what is his mission? Prince al-Waleed himself will not tell before autumn, when Image Sept, his French public relations company, says it will "launch" him in a series of interviews aimed at presenting him as a businessman to be taken seriously in his own right, not just for his royal connections. But this has been clear for some time.

It became apparent in 1991, when Prince al-Waleed snapped up \$500m worth of convertible stock in Citicorp in one of the biggest placements with a private investor in US banking history. Early last year it emerged that the prince had also snaffled an 11 per cent stake in Saks Fifth Avenue, the US department store group. This year he teamed up with Accor, the French hotel group, in a \$200m bid for Air France's Meridien chain. Then came Euro Disney.

But his business reputation was established in Saudi Arabia before these forays into the western business world. By the end of the 1980s Prince al-Waleed had turned \$15,000 granted in 1980 by his father, Prince Talal bin Abdulaziz, into a figure he claimed surpassed \$1bn. His vehicle was Kingdom Establishment, a construction contractor, with which he cashed in on Saudi

Arabia's modernising spree during the early 1980s oil boom.

Some in the kingdom wonder privately how, even given the dizzy spending of those years, Prince al-Waleed managed to reap so fabulous a fortune from so modest a start-up. But none among his friends or colleagues doubts for an instant Prince al-Waleed's business acumen, or that he is quickly becoming the consummate product of his generation of young, western-educated Saudis. He appears as comfortable in a sharp suit and a New York boardroom as in a white dishdasha robe and the hush of his 130-room Riyadh palace.

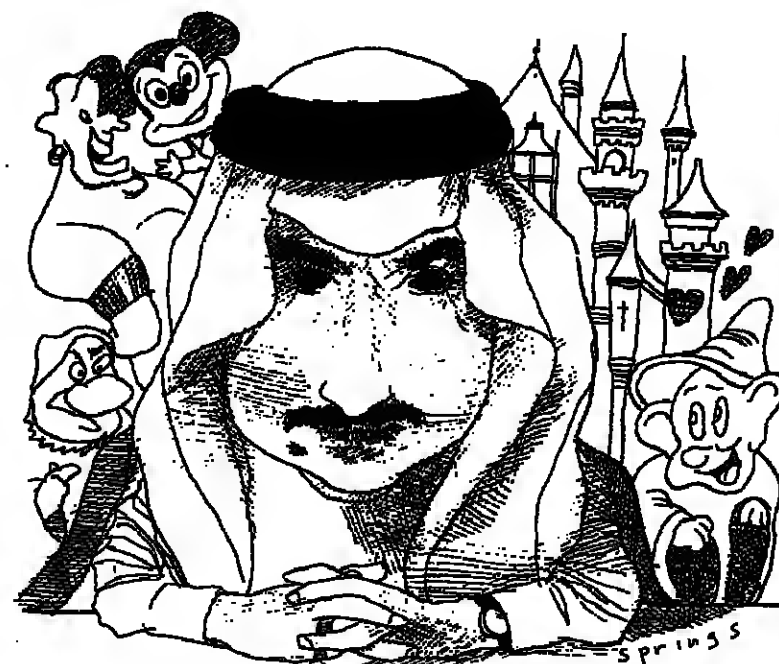
Like most Saudis his private life remains just that. He enjoys squash and reads voraciously. A francophile, he intends to base his European operations in France, home of his mother and aunt. He summers with his wife and two children on the Côte d'Azur, where his yacht, Accor, previous owner Mr Donald Trump and Mr Adrian Kashoggi is moored at St Tropez.

But work dominates his life. "The first three things he will talk about are business, business and business," says one friend. And his work ethic is fabled in Riyadh, where he spends most working days managing United Saudi Commercial Bank. Although it is one of the kingdom's smallest

banks, it is becoming one of its most profitable under the prince's ownership (earnings were up 25 per cent in 1993). "He sets himself a very precise agenda for each day," says an associate. "And you can set your watch by his arrival at the office."

His business meetings are notoriously crisp and stern of customary Saudi ceremonial. "No coffee, no tea, no time for chat. Just business, and fast," says a colleague. He is notably solicitous to his staff, he reached into his own pocket for the severance pay of employees he sacked while streamlining USCB.

And, say colleagues, his business strategies are straightforward. In his international investments - Citicorp, Saks and now Euro Disney - he looks for big deals at bargain prices. The Citicorp investment was a "classic bottom-



fisher expedition," says one banker. "He took a good look, reckoned the bank was undervalued, and pounced." When he cut his stake last year to 9.9 per cent from 14 per cent, he netted \$380m on the shares - two and a half times what he paid for them.

His associates put the Euro Disney deal in this bracket. But they say the venture's high profile will also have appealed to the prince. "He's a showman," says a banker involved with the Disney talks. "Look at the deals he's done - Saks, Accor and now Disney. This guy likes to be in the limelight."

His Saudi concerns also have a simple pattern: he is attracted to underper-

forming businesses in growth sectors, where he believes application of US management principles will produce a turnaround. "He uses his bank," says one banker, "as a sort of super-

graduate training ground for these ideas," relying on his good name to attract high-calibre managers. Last year Prince al-Waleed bought a majority share in Panda, an ailing retail chain in the kingdom, for his next corporate rescue attempt.

The prince has made no secret of his ambition to become one of the world's richest men, and a revered deal-maker. But it is his status within the Saudi royal circle which, many colleagues suggest, provides a better explanation of his motives - and also probably of his ability to summon vast amounts of cash apparently at will.

**Look at the deals he's done - Saks, Accor and now Disney. This guy likes to be in the limelight**

## Clive Cookson on the chances of something going bump in the night

ory which is now generally accepted. Ironically, a cosmic collision on that scale brings global catastrophe by ice rather than by fire. Although the explosion which occurs on impact devastates thousands of square kilometres, its secondary effects are more lethal. Billions of tonnes of dust are thrown into the atmosphere, plunging the whole globe into a sunless "impact winter" for many months. Few plants and animals escape death by freezing or starvation.

Earth's fast-changing geology quickly heals scars left by cosmic impacts. Even so, scientists have identified traces of 140 craters left

by giant meteorites, including the one that sealed the fate of the dinosaurs, which stretches 180km across Mexico's Yucatan peninsula. Any-one wanting to see the unhealed face of such bombardment need only look at the moon.

A detailed hazard assessment by two leading American space scientists, Clark Chapman and David Morrison, published earlier this year in *Nature*, the science journal, concluded that an impact with global repercussions is likely every 100,000 years or so. There is one collision devastating enough to kill at least a quarter of the human population (1.3bn people) every 500,000 to 1m years - and to wipe almost everyone out every 50m years.

The biggest extraterrestrial object to reach earth this century was an asteroid, probably about 30 metres wide, which exploded in the air over the Tunguska River region of Siberia in 1908, flattening hundreds of square miles of uninhabited forest. Smaller meteorites have damaged buildings and cars - in 1992, for example, a 12kg rock ruined a Chevrolet in New York state - but fortunately not people. Others have reportedly come close to setting off a nuclear alert by misleading American and/or Russian military commanders into thinking an

enemy missile was attacking.

But we may now be living through a relatively quiet period in the cosmic bombardment of earth. Some astronomers believe large meteorites come in cycles, rather like the streams of small meteors that cause periodic showers of shooting stars. According to one theory, earth passes through the debris of a huge comet every 3,000 years or so, producing more frequent Tunguska-sized impacts; this would have occurred most recently in the Dark Ages (about 600 AD).

"There is a lot of information buried in ancient annals about destruc-

tion by fire from the heavens," says Mark Bailey, an asteroid specialist at Liverpool John Moores University. "Until recently, scientists dismissed these stories as figments of someone's imagination, but perhaps the historical record is telling us about something that really happened."

For example, Mr Bailey says, the account by Nennius in his 8th-century chronicle of St Germanus, in which the fortress of the heathen king Vortigern was suddenly destroyed by fire from heaven, sounds like a large meteorite.

Over the past decade, as cosmic

collisions have moved from science fiction to respectable research, astronomers have begun to realise that we are not necessarily powerless to prevent a cataclysm. In principle, 21st-century space and military technology could be used to detect a threatening asteroid or comet in time to deflect or destroy it before it hit Earth - just as Arthur C Clarke described in his recent book, *The Hammer of God*.

As a first step, scientists working for Nasa, the US space agency, have proposed a 25-year Spaceguard survey. It would use powerful telescopes to map all 1,000 or so large

"Earth-crossing" asteroids that could cause a global catastrophe, at a total cost of just \$300m. It would give a warning time of several decades before an asteroid collision.

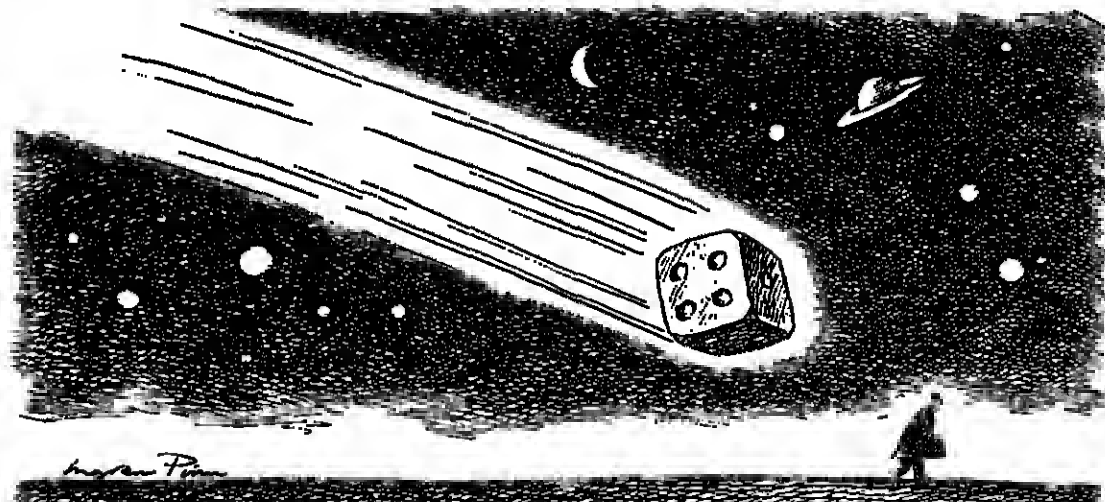
Comets, which have much longer and more elliptical orbits than asteroids, present more of a problem. Even for the most elusive comet, however, Spaceguard would give a few months' warning of impending disaster.

Most astronomers support the Spaceguard proposal. More controversial - and far more expensive - is the idea of setting up a meteorite deflecting system to keep on stand-by, just in case we find a comet or asteroid heading our way. Some enthusiastic veterans of former US president Ronald Reagan's Star Wars programme have taken up the idea as a way of developing nuclear and laser technologies that can no longer be justified on defence grounds after the collapse of the Soviet Union.

But others, such as Carl Sagan of Cornell University, warn that using nuclear explosions to deflect cosmic bodies could raise more of a threat than the asteroids and comets themselves. They say such a system could easily be misused to deflect a previously harmless asteroid towards earth. As Professor Sagan puts it: "There is no other way known in which a few nuclear weapons could be by themselves threaten global civilisation."

So, for the time being, we must live with the knowledge that we are as likely to die in a cosmic cataclysm as in an aircraft. For the nervous flyer, that should be rather a reassuring thought.

## Loaded dice in the cosmic void



## NVQs: teething problems, but real progress too

From Mr Hugh Pittman.

Sir, Over the last 10 years or so the UK has built an effective vocational training structure that did not exist before. Like any new industry, it is having teething problems, but real progress is being made, with the Americans and Germans, for example, looking at our achievements with respect.

The statement in the House of Commons last week that "inadequacies in NVQ [national vocational qualification] training systems are proving immensely frustrating for the many thousands of honourable and decent people who work in training nationally and in JHP Centres throughout the country", while clearly supportive, neglected to recognise that these are very new systems in the early stages of development ("Bogus NVQ claims raise alarm", June 1).

As the country's largest work-based training organisation, JHP has 1,200 training staff with extremely wide-ranging and demanding responsibilities. These cover not only the instruction of 10,000 young peo-

ple and adults a year, but also guidance, counselling and support, together with arrangement of work placements for them with 7,000 companies, and monitoring and assessment of them in the workplace.

We work in partnership with the Training and Enterprise Councils and local enterprise companies to enable people to achieve permanent employment through the learning of vocational skills and attainment of qualifications. Above all, we are in the job creation business.

NVQs were designed to set occupationally based standards, to recognise competence in the workplace and to provide a ladder of achievement. Much has been accomplished in work-based vocational training; we must now ensure that the development of a well-earned qualification system is taken forward by use of uniform systems and procedures. Hugh Pittman, chairman and chief executive, JHP Training, Faculty House, 191 Malmesbury, Wiltshire SN16 1JJ

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Federalism argument must be confronted

From Mr Norris McWhirter.

Sir, The timely letter from the chief economist of the Bank of Ireland (May 31) points out that the agenda for economic and monetary union in Europe is driven by political (especially federalist) aspirations which have little to do with economics.

As those who promote federalism know perfectly well, economic union inevitably leads to political union. Just as a family loses its independence if

its household budget is controlled by outsiders, so a nation loses its freedom of action if decisions about taxation, public expenditure and monetary policy are transferred to supranational institutions - in this case, European ones.

The Maastricht Treaty ("Treaty on European Union") commits the EC to the creation of a single currency by 1999. That alone practically guarantees the development of a fed-

eral state and therefore a common European government. Can Britain remain "at the heart of Europe" - to use the prime minister, John Major's phrase - without being pushed by these pressures down the road to political union?

If Mr Major remains unwilling to put such an important constitutional issue to the people in a referendum, it is vital that he sets aside considerations of tactics and timing and starts to articulate a con-

ceptually clear understanding of the arguments for national self-governance versus federalism. This debate should be open, honest and immediate. It should not be obscured by the party political battle for seats in the European Parliament which, in this context, is irrelevant.

Norris McWhirter, chairman, The Freedom Association, 35 Westminster Bridge Road, London SE1 1JB

## Cross-Channel bootlegging racket: plus ça change...

From Mr Raymond Nottage.

Sir, Your report, "Three bootleggers jailed for cross-Channel racket" (May 28/29), calls to mind the following passages in a letter sent by Tobias Smollett from Boulogne in September 1783:

"The shopkeepers here drive a considerable traffic with the

English smugglers, whose cutters are almost the only vessels one sees in the harbour of Boulogne."

"The smugglers from the coast of Kent and Sussex pay English gold for great quantities of French brandy, tea, coffee and small wine, which they run from this country."

"The custom-house officers are very watchful, and make a great number of seizures; nevertheless the smugglers... are said to indemnify themselves if they save one cargo out of three."

"After all, the best way to prevent smuggling is to lower the duties upon the commodi-

ties which are thus introduced. I have been told that the revenue upon tea has increased since the duty upon it was diminished."

Raymond Nottage, 365 Arkwright Road, Hounslow, London, NW3 6BH

## Lion eyes its share

Martin Dickson on a bumper crop of films at the US box office



Michael Eisner: happy days

Funeral", briefly became the most popular movie in the country.

Second, the studios are releasing an extraordinary number of films this summer - about 60 - and they cannot all be hits. Films that do not perform well over the weekend are released, or during the summer, and they will be quickly and cold-bloodedly yanked from cinema schedules.

Hollywood will be hard-pressed to match the success of last summer, when "Jurassic Park", the dinosaurs-run-amok movie directed by Steven Spielberg and backed by Universal Studios, broke all box office records and powered the industry to an unprecedented \$2.1bn in ticket sales. This paved the way for a record annual \$5.1bn at the US box office.

But at least half a dozen films could break through the \$100m barrier for total US box office sales which traditionally marks a film as a blockbuster - and they will need to if the studios are to make a decent

profit, since some of the most ambitious movies cost \$40m to \$50m to make.

"True Lies", a spy adventure from Rupert Murdoch's Fox group, starring muscle-man Arnold Schwarzenegger, is rumoured to have cost more than \$100m. Schwarzenegger, reunited with the director who made his big hit "Terminator 2", will be trying to put behind him one of last summer's biggest flops, "Last Action Hero".

The season has got off to a strong start. "The Flintstones", produced by Spielberg and distributed by Universal, took a record \$37.5m at the box office over the Memorial Day weekend. That just topped the \$37.03m taken in 1989 by "Indiana Jones and the Last Crusade". The film has real actors playing characters from the 1950s cartoon series of the same name, with its Stone Age setting and signature cry of "Yabba Dabba Doo". The movie has been widely panned. Critics' barbed puns range from "Yabba Dabba Don't", to "Yabba Dabba Doo-Doo".

But it seems certain to maintain its strong run ("have legs", in the industry jargon), thanks to a huge tie-in marketing campaign, involving 1,000 products ranging from McDonald's hamburgers to Flintstone catstails.

The success of the "Flintstones" has overshadowed the strong start made by Warner Brothers' "Maverick". Starring heart-throb Mel Gibson, this is another in a long line of movies this year which revamp television series. The trend has critics wondering about the paucity of Hollywood's imagination.

Others with hit potential include "City Slickers 2", a follow-up to the success that comedian Billy Crystal had with the first modern-day western with this title; "Forrest Gump", the story of a simpleton starring Tom Hanks; and "Speed", about a bus rigged by a psychotic to explode if it slows below 50mph.

But the season should still belong to "The Lion King", which industry observers think could top \$200m in total US box office receipts. With that and the Saudi rescue under his belt, Mr Eisner might be heard muttering "Rakuna Matata", the Swahili motto adopted in the film by the would-be lion king. It means "no worries".

## No reason for such fear

From Mr Rory Clarke.

Sir, In response to the letter from the self-proclaimed "silent industrial majority" on supporting Europe (May 31), there is absolutely no evidence to support their fear that European employment legislation would lead to higher unemployment. In fact, the type of legislation proposed is a compromise that is less rigid than the legislation in existence in many European countries where unemployment is as low or lower than in the UK. And why would granting rights to employees, such as works councils, be damaging to com-

petitiveness? Are we to believe that Germany and the Netherlands are not competitive?

However, it seems that the industrialists are happy to keep alive the British tradition of social confrontation that has helped to wreck industry in the UK. Unfortunately for the silent majority, the European legislation is considered necessary precisely because, it seems, most industrialists do not recognise "the responsibilities of industry to its employees".

Rory Clarke, 15 Cleveland Square, Bayswater, London W2

## Challenge of manufacturing

From Mr Mark H J Radcliffe.

Sir, With such age and distinction, Henry Grunfeld's words are likely to be taken seriously ("Still warning and encouraging", May 31). Thus, it is a pity that he thinks that in industry "it's more or less the same every day".

I can think of no more exciting and rewarding a career than running a world business with new markets, products,

technologies, customers, exchange rates and people challenging the management intellectually and physically almost daily, while focusing on the creation and provision of resources for long-term sustainable success.

Mark Radcliffe, The Malt House, Upton, near Andover, Hampshire SP11 0SJ



## COMPANY NEWS: UK

## The scrap over Scrabble gathers pace

## Mattel bids £52m for Spear

By David Wighton

The battle between America's two leading toy makers moved to the Scrabble board yesterday after Mattel trumped Hasbro's bid for JW Spear, the word game's UK maker.

In the corporate finance equivalent of getting all seven letters out on a triple word score, Spear's advisers solicited a £52m bid from Mattel which was launched just five minutes before Thursday night's deadline.

The offer of £10 a share beats the 900p bid from Hasbro and was immediately welcomed by Spear's board. However, Action Man maker Hasbro, which has the rights to Scrabble in North America, is widely expected to return with a higher offer.

"There must be a pretty good chance," admitted a member of the Mattel team.

The scrap over Scrabble continues a rivalry which spilled over into the law courts 18 months ago when Mattel claimed Hasbro's Sindy doll looked too similar to its own Barbie. Mattel dropped its lawsuit after Hasbro agreed to give Sindy a facelift.

Hasbro, which has held a 26.7 per cent stake in Spear since 1990, launched its bid after it received undertakings to accept the offer from Spear family trusts which control a



Action Men prepare for battle as Barbie moves into the fray in the latest move for Spear

further 24.9 per cent. The undertakings were to become irrevocable if a higher offer was not received by midnight on Thursday. The trusts have little option but to accept the highest bid.

The original bid split Spear's boardroom with Mr Francis Spear, chairman, saying it was "fair and reasonable" and the other directors dismissing it as "totally inadequate".

Although welcoming the new offer Mr Spear has yet to join

the other directors in advising shareholders that the Mattel offer "represents a better prospect for the future development of the business of Spear".

Mr Spear is close to the Hasnfeld family which founded Hasbro but the rest of the management are understood to be worried that Spear would disappear within Hasbro's international games business.

In contrast, Spear would be the first sizeable move into board games for Mattel, which

has previously expressed interest in the area. This made it a natural target for Baring's, Spear's advisers, when searching for a rival bidder. Mattel finally responded at 6pm and Robert Fleming, its swiftly appointed merchant bank, launched the bid six hours later.

The last recorded trade in Spear shares was at 740p on May 12. Mattel's offer represents 18.4 times Spear's earnings last year.

Mr Nicholas Forman Hardy, chairman of Forman Hardy Holdings, said yesterday that his family's association with the Nottingham Evening Post dated back to 1878.

"We decided to sell the business because it was particularly difficult one to make for me and my fellow shareholders," he added.

Some close to the sale believe that Mr Forman Hardy may now be more interested in farming and land-owning than running a newspaper group. The fact that the Nottingham Evening Post was in the vanguard of the introduction of new technology in the 1970s probably means a degree of re-equipping is now needed.

In the year to the end of 1993 the business made untaxed pre-tax profits of £4.5m on turnover of £24.5m.

The company benefited from a £180,000 contribution to profits from Advanced Risc Machines, a semiconductor company in which Acorn has a 42.86 per cent stake. ARM develops products that are being used, among others, by Apple Computer of the US and Samsung Electronics of Korea.

Mr Musumeci said the company would continue to address the home computer user as well as the schools market. It has launched a range of machines - Risc PC - able to run both Acorn operating software and operating systems from other suppliers and suited to publishing and interactive multimedia.

## DMGT's £93m for Nottingham newspapers

By Raymond Snoddy

The Daily Mail and General Trust, owner of the Daily Mail, yesterday emerged as the victor in a controlled auction for T Bailey Forman, publisher of the Nottingham Evening Post.

The group paid £93.5m cash for the Nottingham group and an associated printing company, and beat off challenges from Enap, the newspaper and magazine publisher, and the recently-floated Midland Independent Newspapers, publisher of the Birmingham Post and Mail.

The auction, organised by Barclays de Zoete Wedd, produced a higher price than widely expected, with the sum, 29 times earnings, being in line with the valuation of a number of other regional newspaper groups coming out of recession.

Two factors tended to push the price up - the fact that the company is one of the most significant regional evening newspaper groups still in private hands, and that DMGT has newspapers in the region in both Derby and Leicester.

The completion of the sale is subject to the deal being cleared by the Monopolies and Mergers Commission. The aim is to make the business part of Northlife Newspapers, the regional newspaper business of DMGT.

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## Lasmo ordered to stop Enterprise accusations

By Robert Corzine, Peggy Hollinger and Andrew Jack

Lasmo, the independent explorer subject to a £12bn hostile bid from Enterprise Oil, has been told to stop repeating its accusation that Enterprise had "...breached UK accounting standards".

The move by the Takeover Panel is the second in a week which seeks to clarify allegations by Lasmo over Enterprise's record.

Yesterday's statement issued last month in which Enterprise was accused of contravening UK accounting practices in its treatment of acquisitions.

Lasmo said Enterprise's actions inflated earnings.

The Panel said it could not rule on the validity of the accusation.

But Lasmo should have used "...less definitive terms".

The panel is believed to have been comfortable with the general tenor of the document, which raises questions about the bidder's earnings record.

It is merely the conclusion, which might have implied there could only be one accounting treatment for certain acquisitions, which caused a problem.

It is believed to be the first time the panel has had to rule on such a precise allegation.

The panel said there was no dispute over the right of the companies to raise accounting issues.

But it noted that "Enterprise received unqualified audit opinions throughout the relevant period" and that "...Lasmo should have noted the possibility of alternative views" on the way companies choose to treat acquisitions in their books.

Enterprise said it was "delighted" with the Panel's

response. Mr Andrew Shilton, finance director, said Lasmo's attack was "a dead issue. Now we can move back to having an intelligent debate with the institutions" over the merits of the £12bn bid.

Lasmo disagreed, however, saying its claims that Enterprise had inflated earnings remained a live issue and called into question the value of the company's all-paper offer.

Institutional investors said that the retraction reflected well on neither Lasmo nor Enterprise.

"We think the arguments on both sides have been of fairly low quality to date," said one. The strength of the allegation that Enterprise could have breached accounting standards was blamed on Sir Rudolf Agnew, Lasmo chairman, who "just likes to fight dirty and create a big hoopla". See Lex

## Barcom shares dive 30p

By John Murrell

Shares of Barcom, the civil engineering and plant hire group, plunged 30p to 24p yesterday on news of a swing from profits of £275,000 to losses of £1.49m pre-tax for the six months ended March 31.

First half turnover, however, improved from £13m to £15.3m.

Mr John Pinckard, chairman, said there had been a "significant setback" in the past few months. He also said there had been a need to reorganise Hawkins, the plant hire fleet acquired early in 1993.

The reorganisation of Hawkins amounted to £716,000 and was taken above the line. Pre-tax profits were also affected by a rise in interest charges from £420,000 to £534,000.

The "early promise" shown by Hawkins had not been sustained and the "anticipated profitable utilisation" of the acquired plant fleet had "not been achieved". Mr Pinckard said the effect of a problems encountered was exacerbated, and to a considerable extent hidden, by persistent wet weather over the winter months.

Losses per share of 8.5p compared with earnings of 4.05p. The interim dividend is passed - 1.25p was paid previously.

In spite of pit closures, the group's predominantly coal industry business had continued to make a positive contribution. The diversification of this business into the power generation field and to other non-British Coal customers was continuing as planned.

Mr Pinckard said that with the achievement of a more balanced plant fleet and a lower level of operating costs there was a reasonable expectation that levels of business normally experienced in the summer months should result in a "much improved" outcome in the second half.

## Pressure on margins drives Acorn down to £115,000

By Alan Carne

Higher component costs and increased competition drove margins down at Acorn Computer Group, contributing to a sharp fall in annual profits.

Although revenues in the 12 months to December 31 rose 13 per cent to £54.3m (£48.2m), operating profits fell from £1.58m to £104,000 and the pre-tax line was £115,000, against £1.31m. Earnings per share fell to 0.2p (2p).

The shares dropped 14p to 76p.

The company, controlled by Olivetti of Italy, remains the principal supplier of computers to schools in the UK. Gross

profit margins fell by 5 per cent as the cost of key components, especially semiconductors, rose. Profits were further hit by the £700,000 cost of establishing a new operation in Germany.

Mr Ernesto Musumeci, chairman, said Germany was an important potential market and that the investment had been important for the company's longer-term development.

Revenues from the new operation had, however, been affected badly by the recession. He thought it unlikely that margins would recover because of competitive pressures and was taking steps to reduce overheads accordingly.

The company benefited from a £180,000 contribution to profits from Advanced Risc Machines, a semiconductor company in which Acorn has a 42.86 per cent stake. ARM develops products that are being used, among others, by Apple Computer of the US and Samsung Electronics of Korea.

Mr Musumeci said the company would continue to address the home computer user as well as the schools market. It has launched a range of machines - Risc PC - able to run both Acorn operating software and operating systems from other suppliers and suited to publishing and interactive multimedia.

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## Hawtal Whiting to raise £5m

By John Griffiths

Hawtal Whiting, the motor industry design and engineering consultancy, is to raise £5m through a rights issue to reduce borrowings and finance further expansion.

The move was announced as it reported a return to profit after being badly hit by the world motor industry recession in 1993 which saw several rivals go into receivership.

Turnover rose 22 per cent to £68.6m in 1993 on which pre-tax profit was £761,000, compared with a loss of £2.18m. Losses per share were cut to 2.2p (38.9p).

Mr John Whitecross, chairman, forecast further growth in North America and maintained that European demand was recovering. However, he warned that east Asia business was "less predictable".

The rights is on a 7-for-17 basis at 60p. There is also an already underwritten subscription for 3m preference shares with warrants.

## BZW criticised over Shoprite placement

By William Lewis

Institutional shareholders have expressed concern over a recent BZW-led placement of preference shares on behalf of Shoprite, the discount food retail group.

It has emerged that BZW, sponsor to the issue and lead agent, retained 20 per cent of the £15m cumulative redeemable preference shares without making this clear to subscribing institutions.

"If they had told us that they were going to end up with 20 per cent of the shares, then there is no way that we would have taken any," one fund manager said.

The market's clear understanding of this placement was that they would end up with 20 per cent of the shares, said another institutional investor.

Credit Lyonnais Leasing also acted as placing agent on the issue but only for a small number of shares. Investors said it did not retain any shares itself.

BZW's holding is revealed in the share register for Shoprite Finance (UK), part of the Shoprite group which is based in the Isle of Man.

More than 3m shares were allotted to Wedd Jefferson, a nominee company used by BZW. The holding has been reduced although BZW would not give any details.

Since BZW's placement of the cumulative redeemable preference shares in February the price of Shoprite shares has fallen from 100p to 88p.

Two weeks ago the company was forced to bring forward publication of its interim results from mid-June because profits for the period were substantially below expectations.

The company announced that operating profits had fallen by 17 per cent from £2.43m to £2.02m while turnover for the six months to May 1 rose by 69 per cent, from £68m to £100m.

BZW said yesterday: "To retain 20 per cent of a placement is not unusual. We never make it clear how much we will retain." At least part of BZW's holding was for price stabilisation.

## Conflicting signals from Dale Electric

By Simon Davies

Dale Electric International put out conflicting signals to shareholders yesterday when it announced that an approach had been made which might lead to an offer for the company, but followed this up with a profits warning.

The share price of the power systems manufacturer reacted accordingly, rising 12p to 79p on news of the potential offer but falling back to close at 71p.

The company stated that it was preparing a restructuring which was "likely to involve a material reduction in the value of the group's net assets as at May 1 1994" and would result in heavier losses than anticipated.

This announcement came less than three months after it launched a £2m rights issue to reduce debt and improve productivity.

Dale gave no indication of the nature of the offer, but it emphasised that "discussions are at a very preliminary stage".

## Pricing puts value of £45m on Amey

By Paul Taylor

Shares in Amey Holdings, one of the UK's largest private construction companies and the sixth biggest roadbuilder, were priced at 181p yesterday valuing the group at £45m.

It is coming to market via a placing of 8.07m shares - representing 28.9 per cent of the enlarged capital - with institutional investors. This will raise £10m of new money for the company and £2m for existing holders.

Existing holders had hoped to raise £10m but scaled back their share sale in the light of market conditions.

The £2m will be split equally between Close Brothers, which held a 25 per cent stake on group sales of £210m (£192.5m). The issue is sponsored by Barings and James Capel will act as broker. Dealings are due to begin on June 10.

Mr Neil Ashley, chairman, said "It has always been our

intention to seek a listing for Amey at this stage of the group's development. We are delighted, in current market conditions, to have achieved our objective of raising £10m of new money in order to strengthen the capital base of the company and fund its future development."

The company, previously part of the ARC building materials and construction group, was briefly a Hanson subsidiary when ARC was acquired from Consolidated Goldfields by Hanson in August 1989.

Amey was then sold by Hanson for £5.5m to a management group led by Mr Ashley.

Amey reported pre-tax profits on its continuing businesses of £4.7m (£3.4m) last year on group sales of £210m (£192.5m). The issue is sponsored by Barings and James Capel will act as broker. Dealings are due to begin on June 10.

Mr Neil Ashley, chairman, said "It has always been our

## Spargo for market with £12m tag

By Alan Carne

Spargo Consulting is coming to the market by way of a placing which values the computer software consultancy based in London's Docklands at about £11.9m.

Some 3.18m shares, approximately 25 per cent of the issued share capital, have been placed by Peel Hunt at 95p each.

All the shares were sold by existing shareholders and no money has been raised for the company. Dealings are expected to begin on June 9.

Founded in 1989 by Mr Tony Spargo and Mr Bob Morton, chief executive and chairman respectively, the company specialises in the design, implementation and enhancement (maintenance) of software for large companies. Clients include Bank of America, Bupa, Conoco and Elf.

In the 1993 year, the company made profits before tax of £469,000 on turnover of £4.87m. Directors forecast that, excluding unforeseen circumstances, profits before tax in the six months to end-June 1994 will be not less than £800,000, giving earnings per share of 3.1p.

They anticipate a maiden interim dividend of not less than 1.5p, which would represent a notional gross yield, at the placing price, of more than 2 per cent for the half year.

Over the full year, analysts are suggesting a p/e of about 14.

## Great Portland £60m property acquisitions

Great Portland Estates yesterday announced nearly £60m of property acquisitions, principally of manufacturing and distribution space, writes Vanessa Houlder.

The largest deal was the acquisition of the Royal Oak Industrial Estate in Daventry from Pavermed, a private company, for £15.5m in cash and 7.5m shares.

The property comprises nearly 1m sq ft of distribution space on a 38-acre site. The investment will produce a total income of more than £3m a year.

In a separate deal, Great Portland has bought two properties in Buxton and Leicester from Schroder Securities for £2.5m in cash and 5m shares.

Great Portland has also bought a portfolio of nine retail, industrial and office properties for £14m cash from Schroder.

The sale of the company continues a chain of divestments by Pilkington to fulfil its stated aim of reducing gearing from a mid-1993 peak of close to 90 per cent to 50 per cent by March next year. Last September it sold Sola, its spectacle lens business, for £200m and it has announced plans to sell off 49 per cent of its Australian operations through a flotation.

The latest disposal will reduce gearing by about 8 per cent. Analysts expect a number of other trading and service companies could be sold over the next year.

Pilkington is due to announce its full year results on Thursday.

## Pilkington sells insulation arm to Owens-Corning

By Simon Davies

Pilkington has taken another step in reducing its debt and refocusing on its core glass business through the £73.5m sale of Pilkington Insulation to Owens-Corning, the US fibreglass group.

The disposal had been expected, but analysts said Pilkington had achieved a good price for a company with net assets of £50m and pre-tax profits of £2m. Owens-Corning will also assume £7m of financial leases.

Pilkington Insulation manufactures and sells rock wool and fibreglass for the building and industrial insulation market in the UK, and has a large share of a relatively mature market.

Mr Andrew Robb, finance director, said: "We didn't own the technology, and we were restricted to the UK market, which is growing slowly." He estimated that the market would continue to grow at between 2 per cent and 3 per cent a year.

However, it provides a strategic entry to the UK market for Owens-Corning, which has already established a substantial presence in continental Europe. Pilkington Insulation will

be renamed Owens-Corning Building Products (UK).

Mr Warren Knowlton, who will head the business, said: "The deal gives us a 50 per cent share of a large market, excellent sales and manufacturing capability, and the ability to leverage our existing technology in the future."

Owens-Corning is capitalised at \$2bn (\$2bn) with insulation as one of its core businesses. Mr Knowlton said it would continue to expand the UK business, which should secure jobs for the 900 employees at Pilkington Insulation.

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## Property Partnerships static

Property Partnerships, the developer and hotel owner, reported virtually unchanged pre-tax profits of £2.08m for the year to March 31.

Net rental income from investment properties showed a small increase from £2.08m to £2.14m, while hotel turnover was lower at £4.17m (£4.28m). The hotel subsidiary continued to face tough conditions and profits declined by 11 per cent, with occupancy levels and room rates static.

Profit took an exceptional hit in respect of an Ipswich property which was sold for more than £500,000 in December, £97,000 over book value.

A final dividend of 4.5p lifts the total by 3.5 per cent to 7.5p, more than twice covered by earnings per share of 15.33p (14.65p).

A professional revaluation of the investment and hotel properties at the year-end showed

valuations of £26.9m and £13.7m, representing a surplus of £13.2m over book value and a deficit of £240,000 respectively. Net asset value per share was up from 293p to 344p.

## CA Sperati

CA Sperati, the Greenwich-based company formed in 1986 and which still supplies buttons and trimmings to the clothing industry, reported profits sharply reduced in the six months to April 30.

On turnover down 13 per cent to £377,743, pre-tax profits dropped from £35,899 to £16,698. Earnings per share emerged at 11.2p (25.4p).

## Manakin

Manakin Holdings, the former venture capital investment group which has been in member's voluntary liquidation since 1991, had a net asset value of 85p per share at April 15, up from 82p at the company's October year-end.

A further capital distribution of 30p per share to shareholders - the seventh so far - will be paid later this month, bringing the total returned to date to £77.5m, or 360p per share.

Total income for the six months to April 15 amounted to £117,915 (£137,302) but the pre-tax loss narrowed to £29,293 (£181,904). Losses per share were 0.51 (0.32p).

## Lofs

London & Overseas Freighters, the Bermuda-based shipping company, returned pre-tax profits of £4.17m (£2.78m) for the year to end-March.

That compared with £10.9m last time. The fourth quarter contribution improved from £722,000 to £1.8m. Earnings per share for the 12 months emerged at 10.2 cents (4.3 cents).

## London Industrial

Continuing operations' turnover increased from £5.8m to £6.5m at London Industrial, the provider of workspaces for rent to small businesses in Greater London, while pre-tax profits were down at £38,400 for the year ended March 31, compared with £1.08m, despite a rise in fourth quarter figures.

The company was floated in December and raised £14m from the share placing. Earnings per share were 12.5p (18.2p) and, as forecast, there is a final dividend of 5p for the year.

## Western Selection

Western Selection, a strategic investment company, reported profits before tax of £59,900 for the six months to March 31, up from £34,400 last time.

The outcome was ameliorated by a partial write-back of £41,400 for a provision for permanent diminution in investment values no longer required.

The company, which holds stakes of 49 per cent in Burlington Group and 15.2 per cent in Creston, reported a net asset

value of £4.67p at March 31, up from £2.1p at the September year-end. Earnings per share improved to 0.41p (0.16p).

## Brown &amp; Jackson

Shareholders in Brown & Jackson, owner of the longmaking Poundstretcher chain of discount stores, yesterday approved a rescue offer from Popkor, the South African retailing group, which could involve a capital injection of up to £55.2m in return for a 63 per cent stake.

Shareholders representing 94.4 per cent of the votes cast and 50 per cent of the issued share capital voted on a poll in favour of the resolution, which was unanimously backed by the board.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Comes - for dividend	Total for year	Total last year
Barcom	11	Aug 2	1.25	5	3
London Industrial	5	Aug 25	4.7	7.5	7.25
Prop Partnerships	4.5				

Dividends shown pence per share net.



## US media groups agree \$2.3bn cable TV merger

By Louise Kehoe  
in San Francisco

Times Mirror and Cox Enterprises, the US media groups, have agreed in principle to merge their cable television operations in a deal valued at \$2.3bn to form the third largest US cable TV company. Times Mirror said yesterday it was in "serious discussions" with Cox. "We do have an agreement in principle with respect to the aggregate consideration of approximately \$2.3bn, and other significant terms, but a definitive agreement has not yet been executed or delivered."

Cox officials were not available for comment, but the com-

pany is expected to issue a statement on Monday.

The companies are expected to split off their cable TV units into a new publicly-held company. Cox, based in Atlanta, is expected to run the merged cable TV operations.

Cox Cable is the sixth largest US cable TV company, with more than 1.7m subscribers in 17 states. The group owns 18 newspapers including the Atlanta Journal and Constitution and 19 TV and radio stations.

Times Mirror derives about 15 per cent of revenues from television and cable operations and is the 11th largest US cable TV system operator with 1.2m subscribers. It is a leading pub-

lisher of newspapers including the Los Angeles Times and New York Times.

The tentative deal follows the collapse, in April, of a planned investment in Cox by Southwestern Bell, the large Texas-based local telephone company. Southwestern had planned to acquire a 40 per cent stake in Cox's cable TV operations for \$1.8bn.

The companies blamed "increasingly stringent government regulation of the cable TV industry" for the termination of their agreement. In February, the Federal Communications Commission ordered US cable companies to comply with new regulations on their rates for basic cable services.

## Kmart share deal vote 'too close to call'

By Richard Tomkins in New York and Nikk Tak in Sydney

Shareholders in Kmart, the troubled US discount store group, were yesterday waiting to see whether a rebellion by institutional investors would result in an embarrassing defeat for the company's reorganisation plans.

As voting began at the company's annual meeting in Troy, Michigan, Kmart said the result was "too close to call". A result was not expected to be announced until later yesterday or today.

Kmart wants to create shares in its four specialty retailing subsidiaries and raise money by selling stakes of up to 30 per cent in each of them. However, some of the company's most powerful institutional investors want Kmart to sell the subsidiaries altogether so that it can concentrate on improving the performance of its ailing discount store operations.

Yesterday, Kmart attempted to win support for its proposals by outlining a parallel effort to lift sales and profits in the core discount stores through new management structures, new stocking methods to free employees for customer service, micro-marketing to enhance promotional opportunities store by store, and daily deliveries to stores.

It said it had identified opportunities for profit improvement worth \$600m-\$800m over the next two years. Kmart yesterday reconfirmed that it was "a long-term shareholder" in Coles Myers, one of Australia's biggest retailers.

There has been a wave of speculation in Australia that the US group's problems would prompt it to sell the stake in Coles. This amounts to just over one-fifth of Coles's equity and is worth over \$11m (\$7.4m).

The announcement followed a meeting in Michigan between Mr Joseph Antonini, Kmart's chairman, and Mr Solomon Lew, Coles chairman.

Mr Lew said he was told that "the Kmart shares held by Kmart are not for sale".

## Fiat package backs Polish car plant

By Christopher Bobinski  
in Warsaw

Fiat Auto Poland yesterday signed loan and equity agreements worth DM288.5m (\$188m) to help finance the expansion and modernisation of its car factory in Bielsko Biala, in Poland.

Fiat took over the debt-laden plant two years ago and sales last year reached DM1.67bn, including exports of 150,000

Cinquecento cars to western Europe.

Now the European Bank for Reconstruction and Development has agreed to take a DM66m stake in the plant along with Simest, an Italian state-funded corporation which is to invest DM16.5m. This leaves Fiat with about 83 per cent of the equity.

At the same time, the EBRD is to provide 65 per cent of a DM140m loan syndicated to a

group of western European banks of which the majority, such as ING of the Netherlands and Creditanstalt of Austria, have branches in Warsaw.

The package was completed with another DM66m loan syndicated by the state-owned Polish Development Bank in the largest commercial syndication organised in the country to date.

The European Investment Bank (EIB) provided DM17.5m

of the Polish Development Bank's syndication. This represents the first tranche of DM67m-worth of financing the EIB has committed to Fiat Auto Poland.

Fiat is planning to develop a new small car for production at Bielsko over the next four years under a DM1bn business plan due to run to the end of the century. Fiat's investment to date in its Polish subsidiary amounts to DM437m.

## Alfa's fading badge gets a polish

Fiat is reviving one of Italy's most famous marques, writes John Griffiths

Alfa Romeo, one of Italy's most famous - but in recent years most troubled - carmakers, is poised for a re-launch by its owner, Fiat.

A programme is under way to expand Alfa's European dealership network by 20 per cent - requiring the appointment of more than 200 extra dealers - to prepare for new models starting in the autumn.

According to Mr Paolo Cantarella, managing director of Fiat Auto, the first of the new range, a Ford Escort-sized sporting hatchback designated the 145, is scheduled to enter the showrooms in September.

It will be followed by four other Alfa Romeo models by early 1996 under an investment programme which since the Italian motor group acquired Alfa Romeo in 1987 has totalled about £5,000m (\$9bn), says Mr Cantarella.

He insists that there will be no let-up to the Alfa Romeo investment programme in spite of the problems besetting the parent company.

Fiat ran up a net loss of £1,783m in 1993, its biggest ever. Fiat Auto, the main operating division which includes Fiat, Lancia, Ferrari and commercial vehicle maker Iveco as

well as Alfa Romeo, lost £1,786m.

The Alfa investment is relatively small set against a new model and plant programme for the automotive division as a whole which totals £4,000m. It is seen by many industry observers as a last ditch attempt by Fiat to secure a long-term, independent future for the group in Europe's vehicle industry.

About half of this sum has been committed, according to Mr Cantarella.

Alfa produced 130,000 cars last year, compared with a peak of 220,000 in 1989. While sales of Fiat-badged cars fell by 0.3 per cent in the first four months of this year - compared with a rise of 3.8 per cent for the European new car market as a whole - Alfa Romeo's sales fell by 14.9 per cent.

For the first time, Alfa Romeo is to launch its new car in all left-hand drive European markets simultaneously. The 145 will go on sale in September and other 145 versions will be added by the end of the year.

An all-new Spyder convertible and new coupé will be added in 1995, followed by a flagship luxury saloon and a replacement for the current



Paolo Cantarella: No let-up in Alfa's investment programme

Alfa 165 medium saloon.

Mr Cantarella refused to project the size of increase in Alfa Romeo production to result from the new model programme. "But I can assure you that we will recover the investment we are making," he said.

To further support Alfa's relaunch as a sporting marque, Mr Cantarella is spending \$40m this year on motor racing - more than \$10m in the UK to compete in the British Touring Car Championship.

"Sport is not an option for Alfa Romeo - to invest in rac-

ing is essential," he says.

Fiat is hoping to inject life into its Lancia executive car unit, which has also seen a 10 per cent sales fall so far this year, through an expansion into the multi-passenger vehicle (MPV) market in collaboration with Peugeot Citroën of France.

It has put on sale a Lancia version of the MPV in which the two partners have invested some \$1.5bn at their Sevel joint venture plant in Italy's Mezzogiorno and at Sevel Nord, new plant near Valenciennes in northern France.

Sevel is an acronym for Société Européenne de Véhicules Lagers, set up in 1978 with both Fiat and Peugeot holding 50 per cent share stakes. The plants have the same ownership structure but the French group has management control of the MPV facility and the Italian group retains management control of the vans plant.

Both Mr Jacques Calvet, Peugeot's chairman, and Mr Cantarella say they are considering further collaboration. However, Mr Cantarella makes clear that this is on a project basis and that there is no prospect of closer financial or equity links.

## Bugatti to seek market listing in New York

By Andrew Hill in Modena

Bugatti, the Italian luxury carmaker which owns Lotus of the UK, is to seek a stock market listing in New York this autumn.

Bugatti's chairman, Mr Romano Artioli, told interna-

tional journalists that the company would seek more than \$100m of financing through a US flotation.

Bugatti, which is registered in Luxembourg but based near Modena, would float its shares in New York rather than Milan because it was a more sophis-

ticated market, Mr Artioli said.

He said Credit Suisse First Boston would advise Bugatti on the sale.

The car manufacturer relaunches the Bugatti name last year with production of the fastest sports car in the world and produced 80 cars in 1993.

They sell for £460m-£550m (\$720,000-\$925,000).

Bugatti is 100 per cent family-owned although it is believed outside finance was needed for the £150bn relaunch. It is not known how much Bugatti paid General Motors for the Lotus group.

## Hutchison takes over UK port

By Simon Holberton  
in Hong Kong

Hutchison Whampoa, the diversified Hong Kong conglomerate controlled by Mr Li Ka-shing, has moved to take full control of Britain's Felixstowe container port.

The company - through its newly-created Hutchison International Port Holdings - has paid Orient Overseas International \$50m (\$75.2m) for the 25 per cent of Port of Felixstowe that Hutchison did not own.

Hutchison is the world's largest independent operator of container terminals. The Felixstowe deal gives it full control of Europe's fourth largest container port and one which handles 35 per cent of Britain's container trade.

Mr John Meredith, managing

director of the ports subsidiary said: "The acquisition is very much in line with Hutchison's investment policy in container port operations."

The company's main focus is on port facilities in China and Hong Kong. It owns 77.5 per cent of Hongkong International Terminals which is responsible for handling 50 per cent of the container traffic in the colony, itself the world's busiest container port.

In China, Hutchison recently added a port development project in Shanghai, a special economic zone in Guangdong, to an impressive list of ventures under way on the mainland. It is developing container port facilities in Shenzhen and Zhuhai, the two main special economic zones in Guangdong, as well as in Shanghai.

Meanwhile, Hutchison appears to have opted for bank finance to fund its capital-hungry telecommunications subsidiary in Britain. According to local press reports the company wants to raise a three-year \$500m loan for its Orange mobile telephone subsidiary, in which it has a 65 per cent share.

The loan is priced at 55 basis points over Libor and is fully guaranteed by Hutchison. Barclays and NatWest Markets arranged the loan. Barclays owns 5 per cent of Hutchison's UK telecoms subsidiary, while British Aerospace owns 30 per cent.

A local media report quoted one of the loan's arrangers saying it was 70 per cent to 80 per cent subscribed and would close next week.

## Dividends in sight at DG Bank

By David Weller in Frankfurt

The DG Bank, the central bank for Germany's 2,900 co-operative banks which has been restructuring since 1991, will be in a position to pay a dividend next year, according to Mr Bernd Thiemann, chief executive.

Mr Thiemann said that 1994 should be seen as a bridge-year leading to a lasting improve-

ment in the bank's profitability.

The turnaround could only be described as complete, he explained, when the bank was generating big enough profits to finance a pay-out to shareholders.

That was unlikely to be until 1995, Mr Thiemann said, although profits for the parent bank during the current year were likely to be in the same

order of magnitude as in 1993, when the bank made total operating profits of DM364m (\$217.5m) before provisions for bad and doubtful debts.

Group partial operating profits before provisions rose 7.2 per cent to DM1.18bn last year.

In the first quarter of the current year, partial operating profits - excluding trading profits - were DM60m, slightly ahead of last year.

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**INVESTORS CHRONICLE**

**THE CITY INSIDE OUT**



## COMMODITIES AND BOND PRICES

## WEEK IN THE MARKETS

## Coffee down as grain prices soar

Commodity markets enjoyed another rollercoaster ride this week with Chicago's grain markets taking over the impetus from coffee on the soft side. Heavy fund selling of coffee and copper pushed prices down mid-week but both staged a partial recovery later.

The bank holiday in the US and UK on Monday gave traders time to worry about weather prospects for the main US grain growing areas. Their fears sent corn and soybean prices at the Chicago Board of Trade soaring to daily limits at the open of Tuesday trading.

Chicago traders are worried that a lack of rainfall at key growing stages will damage the prospects for this year's crops leading to large shortfalls in grain stocks.

Stocks are already depleted after flooding depressed last year's harvest.

On Tuesday July soybean futures hit their daily limit of a 30-cent increase to \$6.734 per bushel. Although prices dipped again on Wednesday, the market remains buoyed by unseasonably dry weather in the Midwest. Soybean prices were pushing the \$7-a-bushel mark towards the end of the week.

Oil prices rose sharply on Thursday as markets responded positively to data which confirmed continuing strong demand in the US for petrol. Strong economic growth in the US has pushed up petrol demand by 3 per cent over the same period last year.

The price of the benchmark Brent Blend for July reached \$16.72 a barrel on Thursday, but later slipped below \$16.50.

In spite of seeing a strong start to the week, the coffee market was nervous with speculators and hedge funds eager to take profits from the market's dramatic rise over the past few months. The sell-off materialised on Wednesday when the London Commodity Exchange's robusta futures

contract for delivery in September slid by \$56 a tonne to \$2,035 a tonne.

Similarly, copper suffered from a bail-out by hedge funds and lost \$39.50 a tonne at the London Metal Exchange to \$2,227.50 a tonne on the same day. However, traders are confident that coffee prices will remain buoyed by tight supplies. Analysts expect supply to be constrained until the new Brazilian crop comes to market in August.

By the end of the week, coffee had made up some of its earlier losses and was trading around \$2,100 a tonne. Copper had also staged a partial recovery with LME stocks showing another drawdown and prices rising \$29 a tonne yesterday to \$2,233 a tonne.

Nickel prices tumbled on the LME following the weekend agreement about a new contract between Inco, the world's second-largest nickel producer, and labour leaders at its Sudbury, Ontario, mines complex.

Sudbury produces about 110,000 tonnes of nickel a year and, although some weeks ago a ballot gave union leaders a mandate to call a strike, the market did not expect there would be industrial action.

Nevertheless, confirmation that employees had accepted terms for a new contract just before the old one ended on May 31, resulted in prices falling quite sharply.

Analysts suggest the outlook for nickel is not widely bullish. For example, the CRU International consultancy group sees western world nickel production rising by 40,000 tonnes to 576,400 tonnes this year and consumption rising by 4 per cent to 605,400. But it also predicts a 6,000-tonne rise in Russian nickel exports to the west to 123,700 tonnes which would give a supply surplus of about 10,400 tonnes.

Deborah Hargreaves

## WEEKLY PRICE CHANGES

	Latest price	Change on week	Year ago	1994	Low
Gold per troy oz	\$381.00	-4.70	\$374.00	\$368.00	\$363.50
Silver per troy oz	\$23.00	-0.70	\$23.50	\$23.50	\$23.50
Aluminium 99.7% (cash)	\$1,320.00	-7.5	\$1,312.50	\$1,312.50	\$1,312.50
Copper Grade A (cash)	\$2,227.50	-39.50	\$2,267.00	\$2,267.00	\$2,267.00
Lead (cash)	\$203.50	-2.0	\$205.50	\$205.50	\$205.50
Nickel (cash)	\$2,233.00	-19.00	\$2,252.00	\$2,252.00	\$2,252.00
Zinc (cash)	\$2,035.00	-7.0	\$2,042.00	\$2,042.00	\$2,042.00
Crude oil (WTI)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Brent)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Arabian)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Dubai)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Singapore)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Japan)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Korea)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Taiwan)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Thailand)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Vietnam)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Philippines)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Malaysia)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Indonesia)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
Crude oil (Brunei)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77
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Crude oil (Brunei)	\$16.72	-0.05	\$16.77	\$16.77	\$16.77

## WORLD BOND PRICES

	Coupon	Red	Price	Yield	Week	Month
Australia	8.00%	09/04	101.0000	-8.84	8.77	8.78
Belgium	7.25%	04/04	97.7500	-4.250	7.78	7.79
Canada	8.00%	04/04	97.7500	-4.250	7.78	7.79
Denmark	7.50%	12/04	92.2700	-1.870	8.11	7.75
France	8.00%	05/08	104.8250	-4.500	8.81	8.48
Germany	5.50%	04/04	97.7500	-4.250	7.78	7.79
Italy	8.00%	04/04	101.0000	-8.84	8.77	8.78
Japan	No 119	04/04	106.9900	-0.280	3.42	3.04
Netherlands	No 127	04/04	102.3000	-0.220	7.07	6.85
Spain	7.50%	01/04	91.3500	-1.630	7.01	6.96
Sweden	10.00%	10/08	103.1000	-4.000	9.95	9.71
Switzerland	8.00%	04/04	101.0000	-8.84	8.77	8.78
UK Gilt	8.75%	11/04	99.0000	-3.032	8.33	8.29
US Treasury	8.00%	10/08	106.9900	-0.280	3.42	3.04
US Treasury	8.00%	04/04	101.0000	-8.84	8.77	8.78

## ECONOMIC DIARY - FORWARD EVENTS

**TODAY:** Mr Bill Clinton, US president, arrives in Britain to see Mr John Major, prime minister, at Chequers. The National Association of Manufacturers of America states holds annual assembly in Belem, Brazil. Elections for a constituent assembly in Ethiopia. Royal Academy summer exhibition opens (until August 14).

**MONDAY:** Credit business (April). European Union economic council meets in Luxembourg. African foreign ministers start preparatory talks in Tunis ahead of African summit. International Atomic Energy Agency board meeting in Vienna. Start of Financial Times World Gold Conference at the Royal Lancaster Hotel, London (until June 7).

**TUESDAY:** Advance energy statistics (April). US wholesale trade (April). Consumer credit (April). Annual ministerial meeting of the Organisation of Economic Co-operation and Development in Paris (until Wednesday). Mr Bill Clinton holds talks in Paris with French leaders and is expected to address the French National Assembly. International Labour Organisation holds annual conference in Geneva (until June 17). National Building Society publishes annual results.

**WEDNESDAY:** Index of production (April). Housing starts and completions (April). European Union environment council meets in Luxembourg.

**THURSDAY:** European parliamentary elections in Britain, Ireland, Denmark and the Netherlands (start of the European Union on June 12). Details of employment, unemployment, earnings, prices and other indicators. Regional trends 29 - 1994. Nato foreign affairs ministers meet in Istanbul. Bundesbank council meeting. By-elections at Eastleigh, Barking, Dagenham, Newham North East and Bradford South.

**FRIDAY:** Usable steel production (May). Construction output (first quarter). Balance of visible trade (March). US producer price index (May). European Union fisheries ministers meet in Luxembourg. All-India Congress committee meeting in New Delhi (until June 11).

## BASE METALS

## LONDON METAL EXCHANGE

(Prices in £/tonne unless stated otherwise)

## ALUMINIUM, 99.7% (per tonne)

Cash 1325.5-5.5 1354.5-5

Close 1320.21 1349.50

Previous 1320.21 1349.50

High/Low 1320.21 1349.50

Open 1320.21 1349.50

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## Precious Metals continued

## GOLD COMEX (100 Troy oz \$/troy oz)

Settle 380.75 380.75

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## CURRENCIES AND MONEY

## MARKETS REPORT

## Dollar climbs

The dollar climbed yesterday, buoyed by data showing a sharp drop in the unemployment rate in May and by comments from US Treasury Secretary Lloyd Bentsen, writes Graham Bowley.

Labour department figures showed that the US unemployment rate dropped to 6 per cent in May from 6.4 per cent in April. There was also an upward revision to April's non-farm payroll number from 267,000 to 268,000. Analysts said this was further evidence that the US economy is growing strongly.

"This spells inflation," said Mr Avinash Persaud of JP Morgan. "The US authorities will have to raise interest rates again soon to restore the credibility of monetary policy."

Growth is above its long-run trend rate and, significantly, unemployment is now below 6.3 per cent, the rate usually associated with full employment," said Mr Paul

Chertkow, head of global currency research at UBS.

"Interest rates will soon have to move to a more neutral stance of around 5 per cent but even that may not be enough," Mr Chertkow said.

But the rise in the non-farm payrolls in May of 191,000 was below expectations. "This was disappointing and suggests that the US economy is beginning to lose momentum," said Mr Brian Martin, senior economic

analyst at Citibank. "This gave heart to the Treasury market and it is the rally in the bond market which has caused the dollar to climb."

Analysts also pointed to remarks made by White House chief economist Lawrence H. White, who cautioned against reading

## Dollar

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Yen per \$

£ per \$

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## LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours on Thursday and are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

§ Bargains at special prices. § Bargains denote the previous day.

## British Funds, etc.

Timothy 10% 5% 2000 - 112.5 (112.5)  
Bachmeyer 10% 5% 2000 - 111.5 (111.5)

## Corporation and County Stocks

London County 2 1/2% 2000 (112.5) (112.5)  
Birmingham District Council 11 1/2% 2000 - 112.5 (112.5)  
Bristol City 11 1/2% 2000 - 112.5 (112.5)

## Foreign Stocks, Bonds, etc.

Albany National Building Capital PLC 10% 2000 - 112.5 (112.5)  
Albany National Building Capital PLC 10% 2000 - 112.5 (112.5)

## Sterling Issues by Overseas Borrowers

Australian Commonwealth 10% 2000 - 112.5 (112.5)  
Bank of Greece 10% 2000 - 112.5 (112.5)

## Listed Companies (excluding Investment Trusts)

ABN Capital Finance PLC 10% 2000 - 112.5 (112.5)  
ABN Capital Finance PLC 10% 2000 - 112.5 (112.5)

## FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Basket are calculated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1994. All rights reserved.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Basket and the FT-SE Actuaries All-Share Index are members of the FT-SE Actuaries Index series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

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# AUTHORISED UNIT TRUSTS

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

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**INITIAL CHARGE:** Charge made on sale of unit. Used to defray servicing and administrative costs, including commission paid to intermediaries. This charge is included in the price of unit.

**OFFER PRICE:** Also called lower price. The price at which wells are bought by karnatara.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a

the other two had passed a commission by a 50-vote, 40-vote margin. The commission was held down by the government. In practice, most of the front newspapers quote a much weaker commission, to a much less extent. The risk is

offer not above the cancellation price. However, the bid price might be moved to the cancellation price by the occurrence of any one of the events in

circumstances in which there is a large excess of sellers of notes over buyers.

**1986:** The first strike against the team manager's career in the face of the split team's valiant push against another first in football

The symbols are as follows: (P) - 0001 to 1100 hours; (M) - 1101 to 1400 hours; (A) - 1401 to 1700 hours; (N) - 1701 to 2400 hours.

1401 to 1700) and 1701 to 1702. The study shows that the study of the behavior of the system is a very difficult task and a great deal of work is required to obtain a satisfactory result.

**HISTORIC PRICING:** The letter H denotes that the strangers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current ones.

levels because of an intervening portfolio revision or a switch in a forward pricing basis. The measure must deal at a forward

**ENHANCED RETURN:** The letter E does

that the success of the price to be set is the next question. Innovators can be given no definite price in advance of the purchase of a

The prices appearing in the newspaper are the most recent provided by the producers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and

schemes particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the

**Life Insurance and Unit Trust**

103 New Oxford Street, London WC1A 1QM  
Tel: 071-870-8444

U.S. Savings Bonds	100.00	100.00	100.00
U.S. Savings Bonds	100.00	100.00	100.00
U.S. Savings Bonds	100.00	100.00	100.00
U.S. Savings Bonds	100.00	100.00	100.00

\* CFI - Michigan returned

**Schneider Unit Trunk Ltd (14000)**  
 General House, 400 Queen Victoria St, 10000

**Chlorine** 0.000150000  
**Fluorine** 0.000150000  
**Argon** 0.000150000

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## AMERICAN Equities in

## UNITED STATES (Jun 3 / USS)

[illegible]

**AUSTRIA (Jun 3 / Sch)**

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Jan	1994		Dow Jones	Jan 2		Jan 31		May 31		1994		Since completion
	High	Low		High	Low	High	Low	High	Low	High	Low	
2430.95	2861.17	62	1987.53	2094	Inhabits	5738.09	5760.53	5738.57	5973.59	5929.35	5979.35	4
45.0	49.80	51/1	47.80	51/3	Home Bnds	87.05	87.50	87.10	86.65	86.43	86.75	5
230.0	260.00	31/1	212.00	31/3	Transport	1519.58	1627.40	1627.50	1682.28	1546.02	1682.28	10
2135.21	2436.04	32	2012.82	65	Utilities	185.74	186.28	185.07	222.88	177.25	222.88	6
1091.24	1211.19	28/2	1070.57	31	DJ Ind. Div. High	8761.90	8785.14	8760	8722.88	8717.75	(Theoretical)	1
3114.44	3268.57	41	2897.33	93	Dr Ind. High	570.58	570.58	570.58	570.58	570.58	(Theoretical)	1
287.47	308.00	10/2	289.30	31	Standard and Poors	467.55	467.85	469.50	482.80	438.92	482.80	1
553.20	641.81	41	823.28	4/4	Compos: ‡	532.88	532.80	535.61	562.80	512.05	562.80	1
109.50	120.00	13/5	174.00	14/2	Industrials	532.88	532.80	535.61	562.80	512.05	562.80	1
625.0	670.00	5/5	644.00	14/2	Financial	48.12	48.19	48.61	48.88	41.38	48.88	1
922.77	974.08	22	885.57	22	NYSE Comp.	252.08	252.88	252.84	281.71	264.14	281.71	1
321.58	368.31	31/1	304.78	20/4	Amex Ind. Vol	440.53	439.06	440.46	457.88	427.80	457.88	2
1470.0	1603.00	31/1	1488.00	31/3	NASDAQ Comp	738.51	738.52	738.10	865.88	765.51	865.88	1
1283.28	1402.39	31/1	1220.78	95	■ STANDARD AND POORS 500 INDEX FUTURES \$500 Index futures							
985.41	1082.94	31/1	973.85	90	Dow Jones Ind. Div. Yield							
951.45	994.02	91	918.63	193	S & P Ind. Div. yield							
1381.55	1762.73	4/1	1718.59	4/4	S & P Ind. P/E ratio							
1053.34	2069.69	18/1	1288.70	24/3	Open Interest figures are for previous day.							
616.5	641.00	1/2	651.00	4/4	NEW YORK ACTIVE STOCKS							
1386.57	1640.39	1/1	1386.57	1/1	■ TRADING ACTIVITY							
1200.88	1311.01	2/2	1200.88	1/1	● Volume (millions)							
22.10	36.50	3/1	28.00	21/3	Thursday	Stocks	Cross	Open	High	Low	Est. vol	Open
15.92	192.22	1/2	141.55	21/4	Friday	Stocks	Cross	Open	High	Low	Est. vol	Open
High	Low	Est. vol	Open	High	Low	Est. vol	Open	High	Low	Est. vol	Open	High
2024.0	1985.0	31,615	63,480	2024.0	1985.0	31,615	63,480	2024.0	1985.0	31,615	63,480	2024.0
2010.0	1982.0	2,1	2,472	2010.0	1982.0	2,1	2,472	2010.0	1982.0	2,1	2,472	2010.0
2030.0	2006.0	2,405	1,493	2030.0	2006.0	2,405	1,493	2030.0	2006.0	2,405	1,493	2030.0

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Deer Jones	Jun '82	Jun '81	May '81	1981 High	Low	Since 1970	Completion %
Industrials	376.09	370.83	373.57	387.36	355.35	387.36	38
				(217)			(16)
Home Bldg.	67.56	67.50	67.78	106.61	66.43	106.61	107.7
						(319.02)	(170)
Transport	1819.18	1827.40	1827.38	1882.28	1548.02	1882.28	18
						(258)	(275)
Utilities	185.74	186.26	186.07	222.88	177.78	222.88	64
						(128)	(64)
DJ Ind. Ind. High 3761.50 (3765.14) Low 3732.68 (3717.74) (Theoretical)							
Deer's High 3761.50 (3765.14) Low 3732.68 (3717.74)							
Standard and Poors Composite 1	457.85	457.83	459.50	622.80	439.82	622.80	46
						(248)	(16)
Industrials*	533.85	533.19	532.11	638.22	510.35	638.22	46
						(212)	(214)
Financial	43.21	43.19	43.61	48.88	41.38	48.88	21.0
						(317)	(10)
NYSE Comp.	253.08	252.86	252.24	327.91	243.14	327.91	46
						(210)	(210)
Amex Mid. Ind.	440.53	438.85	446.46	657.88	427.80	657.88	28
						(214)	(214)
NASDAQ Cap.	739.51	738.92	735.10	883.88	705.51	883.88	31.0
						(214)	(214)
■ STANDARD AND POORS 500 INDEX FUTURES \$500 times index							
		May '82	Jun '82	Jun '81	Jun '81	Year ago	
Dow Jones Ind. Div.		2.69	2.69	2.78	2.80	2.80	
S & P Ind. Div. Yield		2.87	2.87	May 18	2.90	2.90	
S & P Ind. P/E ratio		24.41	24.41	24.40	24.40	24.40	
■ NEW YORK ACTIVE STOCKS							
Thursday	Stocks traded	Close	High	Low	Est. vol.	Open	Open
Wall-Strt.	3,523,000	229 1/4	+16	New York	18,111	226.475	205
Philip Morris	3,229,000	49 1/4	+4	REIT	27,917	13.740	12
K Mart	2,746,000	15 1/4	+6	REIT	30,818	30.241	24
Lithium Br.	2,672,000	17 1/4	+1				
General	2,558,700	30 1/4	+17	Index Traded	2,917	27.95	22
IBM	2,472,000	92	+14	IBM	1,278	17.18	14
Wells Tech	2,462,000	28 1/4	+4	Palex	885	820	1
General	2,444,000	87 1/4	+5	Unchanged	571	683	1
US Surgical	2,353,700	15 1/4	+1	New Height	47	39	3
Alcoa	2,132,000	29 1/4	+16	New Low	39	46	4

SOUTH AFRICA (Jan 3 / Recd)	
1500	1500
1400	1400
1300	1300
1200	1200
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700	700
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500	500
400	400
300	300
200	200
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	Price	% Change
BBS	11.40	+1.10 12
F&W	18.20	-7.10 12
Gulf Air	2.66	— 3
Kathua	3.40	— 3
Singapore	10.90	-3.30 12
Rampal	13.10	-2.10 12
DSCC	6.30	-2.2 7
OUB	12.80	-1.40 14
2 Star	16.30	-1.30 14
Secher	—	— 3
Sprink	—	— 3
Tallent	3.64	+1.12 3
UOB	4.28	+1.03 11
UOL	6.90	+0.15 11

— (continued)

DBS	11.40	+16	12
Frailty	18.20	-20	19
GovFee	2.86	-	3
HealthPar	3.40	-	3
Incasp	5.95	+28	3
Rapaid	10.80	-	12
OCBC	13.10	-20	13
OUR	6.30	-22	7
S AIR	12.80	-20	14
SPRINT	16.30	-	18
Spro7	3.40	+02	3
Stark	3.94	+12	4
Tell me	4.28	+10	6
UDS	6.80	+05	11

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The City news stories that will make tomorrow's front page are already on Pulse financial pager.

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1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.



## WORLD STOCK MARKETS

## AMERICA

## Equities indecisive following jobs data

## Wall Street

Bonds took equities on a roller-coaster ride yesterday morning after the release of an ambiguous set of data on May employment conditions, writes Frank McGurk in New York.

By 1 pm, the Dow Jones Industrial Average was 8.30 higher at 3,767.53, while the more broadly based Standard & Poor's 500 was up 2.70 at 458.55. Volume on the NYSE was a moderate 160m shares.

In the secondary markets, the American SE composite was 0.92 better at 44.45, and the Nasdaq composite added 3.27 to 742.66.

The labor department's report on employment conditions last month defied easy interpretation, as did the subsequent reaction of the financial markets.

The headline figure was favourable for investors looking for signs of a cooling economy and evidence that could delay the Federal Reserve's next move to tighten interest rates.

But there was bad news, too. The initial estimates of March and April payrolls were revised upwards, leaving the gain over the three months a little stronger than expected.

More troubling, the unemployment rate showed a surprising drop to 6.0 per cent, from 6.4 per cent the previous month. The 6.0 per cent level was cited by many economists as the effective rate of "full employment".

Initially, longer-dated bonds jumped on the payroll data, but quickly reversed direction as traders digested the rest of the report. By the time equities started trading, the long bond

was moderately lower, and the Dow fell 15 points.

However, there were more surprises: within minutes of the NYSE's opening, the long bond began to rally, climbing nearly three-quarters of a percentage point by midday.

Nevertheless, stocks took the bait, shifting direction and pushing sharply into positive ground. But the movement failed to qualify as a rally, with most share prices showing only modest improvement.

A slight decline in manufacturing employment, against expectations of an advance, was tempering the positive reaction to the uptick in bonds, especially among the blue chips.

Blue industrials lagged behind other indices for most of the morning, held back by General Motors which sank 3 1/4 to \$52.24 in brisk trading

after the car maker announced that it would convert an issue of preferred stock into common shares. International Business Machines, off \$1 at \$61, was a second drag on the Dow.

Offsetting the declines, 3M added 1 1/2 to \$51 and Sears put on \$1 to \$51.

Bausch & Lomb plunged 8 1/4, or nearly 20 per cent, to \$41.

The company, a supplier of optical products, slashed its estimates of 1994 revenues and net income.

## Canada

Toronto stocks eased in moderate midday trade as precious metals and transportation issues declined.

The gold and silver index was down 0.8 at \$355.61 while the TSX 300 composite index was off 14.37 at 4,396.51 in volume of 26.6m shares valued at \$341.6m.

## Brazil

Equities in São Paulo were 7.2 per cent firmer by midsession as investors reacted positively to further announcements regarding the introduction of the new currency next month.

The Bovespa index was up 1,821 at 27,086 by 1 pm in turnover of Cr\$438m.

The government said that the new currency would have a one-to-one parity against the US dollar for an "unspecified period". Optimism over a possible fall in the country's 45 per cent monthly inflation rate after the introduction of the new currency on July 1 was also a support.

Telebras was up 6.1 per cent at Cr\$79.10 and Vale do Rio Doce, the mining group, up 6.9 per cent at Cr\$60.80.

## Springtime in Paris sees no sign of renewal

Equities are languishing, writes Alice Rawsthorn

There are times when equity markets seem to move without rhyme or reason and, at first glance, that certainly seems to have been the case for the Paris stock market this spring.

The economic data emanating from the French government's army of highly trained statisticians has been getting better and better over the past few weeks. Even the more cynical of economic commentators have been forced to admit that France now shows every sign of hauling itself out of recession and has adjusted their forecasts accordingly.

Yet the CAC 40 index has fallen steadily since its historic peak of 2,560.98 on February 3, to dip down below the 2,000 mark last Wednesday. The index rallied on Thursday, closing above 2,000, and yesterday finished at 2,041. Little changed on the week.

It's clear that the French economic outlook has improved considerably over the past few months," says Mr. Jean-François Mercier, chief French economist at Salomon Brothers.

"Unemployment is still high, but demand has improved faster than we expected and inflationary fears have receded. So why is the stock market doing so badly?"

The quick answer is that investors' attitudes over the past few months have been influenced less by the prospects of the French economy and of the CAC 40 stocks themselves, than by continued concern about the outlook for US interest rates and for German money supply.

Some analysts also suspect that the market has fallen prey to a widespread re-rating of equities, reflecting the weakness of the bond market and the instability of global sentiment since the February increase in US interest rates.

"There has been a general re-rating, equities have fallen to much more realistic levels and French stocks are now fairly cheap," says David Harrington, French market analyst at James Capel in Paris. "But the bond market is so weak that bond yields are still very

attractive compared with equities."

In the meantime the fundamentals of the market have been improving. The economy is still in a fairly fragile state. Unemployment rose to yet another record level in April of 3.33m, or 12.3 per cent of the workforce, and consumer spending is still erratic. This spring has seen an encouraging increase in sales of manufactured goods, notably cars which have benefited from spe-

growth in 1995."

Other observers agree. Insee last month raised its growth forecast for the first half of 1994 to 0.9 per cent from 0.7 per cent. Salomon's Mr. Mercier has revised his forecast to 1.5 per cent in 1994 and 2.5 per cent in 1995. "Until recently there was a lot of scepticism about the French recovery," he says. "But now we've seen enough positive economic data to be convinced."

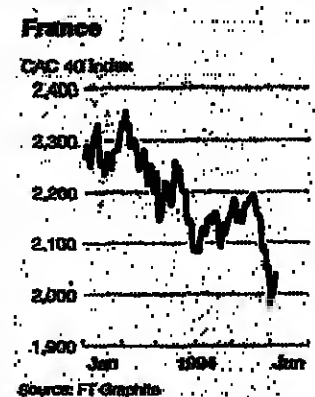
The recent round of statements from company chairmen has been more upbeat, too. Mr. André Levy-Lang, chairman of the Paribas banking group, last week confirmed that it was on course for an increase in profits this year. A few days later FNAC, one of France's largest retailers, announced that it had begun its recovery with a return to interim profits growth.

Even Euro Disney, the stricken leisure group which has seen its shares plummet during months of negotiations over a FF12bn rescue package with its banks, gave investors a welcome piece of good news on Wednesday with the announcement that Prince Al-Waleed, a member of the Saudi royal family, plans to buy up to 24.5 per cent of its equity following a pending FF16bn rights issue.

There was no such luck for Schneider, the electrical engineering group, which started the week with the news that Mr. Didier Pneuvalencienne, its chairman, was being held in custody in Belgium pending investigations into fraud allegations.

For other companies the critical question is when France's improved economic performance will be reflected in equities. James Capel anticipates a healthy increase of 45 per cent for the CAC 40 companies' earnings in 1994 - ending four successive years of decline - followed by 38 per cent growth in 1995.

"In theory this is a great time for investment in French equities," says Mr. Harrington. "The market should have bottomed out. But who knows when the rally will start?"



Source: FT Computations

## EUROPE

## Mood change for bourses ahead of US data

A bigger than expected fall in US unemployment was one of the prospects which European markets feared most earlier this week. But when it happened, the bourses had changed their mood, writes Our Markets Staff.

US establishment figures did their best to calm any fears that might have been raised, saying that inflation fears were exaggerated. However, option in Europe had been moving that way by mid-week, and yesterday's reaction merely consolidated an already rising trend in equities.

FRANKFURT came back refreshed from a day's leave with the Dax index 18.59 better at 2,148.39, 34.77 ahead of Wednesday's depressed post-bourse close. This left it 0.3 per cent higher on the week but the Dax indicated Dax made another 10.49 to end the afternoon at 2,158.88.

Kleinwort-Benson said on Wednesday that a panic in the bond market had put equity prices to the test and pushed them down towards the bottom of their recent trading range.

But, said the German team, led by Mr. Andrew Thomson and Mr. Adrian Phillips, "with the economy turning and the

## EUSE Actuarial Share Indices

June 3	June 2	June 1	May 31	May 27	May 26
FT-Euro 100	1380.51	1380.25	1380.71	1403.34	1402.10
FT-Euro 200	1412.23	1415.73	1416.32	1419.85	1418.33

June 3	June 2	June 1	May 31	May 27	May 26
FT-Euro 100	1380.51	1380.25	1380.71	1403.34	1402.10
FT-Euro 200	1412.23	1415.73	1416.32	1419.85	1418.33

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**INVESTMENT TRUSTS - Contd.**[illegible]

## INSURANCE

1596	11.3	75.2	-81.6
100	2.3	-	-
107	14.6	28.3	-18.1
94	5.4	102.8	-34.6
107	0.8	-	-
104	2.5	243.2	32.2
104	-	-	-
107	0.1	12.6	12.2
23	0.8	230.4	10.1
180	-	-	-
181	7.8	43.6	-4.5
182	18.1	-	-
181	-	117.2	8.3
30	-	-	-
86	-	94.5	9.1
87	7.9	85.6	-1.3
14	-	-	-
380	5.9	413.9	11.3
293	3.8	289.9	11.3
403	1.9	487.9	4.1
104	-	-	-
18	-	-	-
125.2	5.0	149.8	2.1
40	0.8	107.0	12.1
88.2	-	50.4	-
80	2.5	110.9	-7.1
128	2.7	118.9	-4.1

## INVESTMENT TRUSTS

85	10.9	91.0	0.0
86	10.9	91.0	0.0
87	10.9	91.0	0.0
88	10.9	91.0	0.0
89	10.9	91.0	0.0
90	10.9	91.0	0.0
91	10.9	91.0	0.0
92	10.9	91.0	0.0
93	10.9	91.0	0.0
94	10.9	91.0	0.0
95	10.9	91.0	0.0
96	10.9	91.0	0.0
97	10.9	91.0	0.0
98	10.9	91.0	0.0
99	10.9	91.0	0.0
100	10.9	91.0	0.0
101	10.9	91.0	0.0
102	10.9	91.0	0.0
103	10.9	91.0	0.0
104	10.9	91.0	0.0
105	10.9	91.0	0.0
106	10.9	91.0	0.0
107	10.9	91.0	0.0
108	10.9	91.0	0.0
109	10.9	91.0	0.0
110	10.9	91.0	0.0
111	10.9	91.0	0.0
112	10.9	91.0	0.0
113	10.9	91.0	0.0
114	10.9	91.0	0.0
115	10.9	91.0	0.0
116	10.9	91.0	0.0
117	10.9	91.0	0.0
118	10.9	91.0	0.0
119	10.9	91.0	0.0
120	10.9	91.0	0.0
121	10.9	91.0	0.0
122	10.9	91.0	0.0
123	10.9	91.0	0.0
124	10.9	91.0	0.0
125	10.9	91.0	0.0
126	10.9	91.0	0.0
127	10.9	91.0	0.0
128	10.9	91.0	0.0
129	10.9	91.0	0.0
130	10.9	91.0	0.0
131	10.9	91.0	0.0
132	10.9	91.0	0.0
133	10.9	91.0	0.0
134	10.9	91.0	0.0
135	10.9	91.0	0.0
136	10.9	91.0	0.0
137	10.9	91.0	0.0
138	10.9	91.0	0.0
139	10.9	91.0	0.0
140	10.9	91.0	0.0
141	10.9	91.0	0.0
142	10.9	91.0	0.0
143	10.9	91.0	0.0
144	10.9	91.0	0.0
145	10.9	91.0	0.0
146	10.9	91.0	0.0
147	10.9	91.0	0.0
148	10.9	91.0	0.0
149	10.9	91.0	0.0
150	10.9	91.0	0.0
151	10.9	91.0	0.0
152	10.9	91.0	0.0
153	10.9	91.0	0.0
154	10.9	91.0	0.0
155	10.9	91.0	0.0
156	10.9	91.0	0.0
157	10.9	91.0	0.0
158	10.9	91.0	0.0
159	10.9	91.0	0.0
160	10.9	91.0	0.0
161	10.9	91.0	0.0
162	10.9	91.0	0.0
163	10.9	91.0	0.0
164	10.9	91.0	0.0
165	10.9	91.0	0.0
166	10.9	91.0	0.0
167	10.9	91.0	0.0
168	10.9	91.0	0.0
169	10.9	91.0	0.0
170	10.9	91.0	0.0
171	10.9	91.0	0.0
172	10.9	91.0	0.0
173	10.9	91.0	0.0
174	10.9	91.0	0.0
175	10.9	91.0	0.0
176	10.9	91.0	0.0
177	10.9	91.0	0.0
178	10.9	91.0	0.0
179	10.9	91.0	0.0
180	10.9	91.0	0.0
181	10.9	91.0	0.0
182	10.9	91.0	0.0
183	10.9	91.0	0.0
184	10.9	91.0	0.0
185	10.9	91.0	0.0
186	10.9	91.0	0.0
187	10.9	91.0	0.0
188	10.9	91.0	0.0
189	10.9	91.0	0.0
190	10.9	91.0	0.0

**Dayton Eng & Mfg. Co.**

171	0.3	0.3
611	1.7	67.8
1352	3.4	181.8
128	4.2	193.3
134	4.1	182.7
127	—	65.7
2.6	131.7	21.5
0.8	0.2	0.2
4.2	222.5	—
4.3	202.4	1.7
1.2	12.4	0.1
18.6	194.1	27.2
1.6	1.6	0.1
4.1	200.9	12.4
129	3.7	145.6
168	—	108.1
128	3.6	119.0
187	4.6	128.6
2112	—	—
8.5	169.3	55.6
1.3	213.3	103.3
0.2	62.2	—
0.3	259.2	0.2
2.3	204.1	103.3
71.7	21.7	103.3
1.1	611.9	11.4
0.3	202.6	—
0.4	304.4	14.7
182	0.3	218.1
12	1.9	112.6
60.4	—	—
2.6	2.6	—
128	6.4	154.0
209	—	94.4
2.1	213.9	118.1
2.1	213.9	118.1
1.1	226.4	28.1
70	—	74.7
440	2.1	820.9
8.1	6.4	77.3
311.5	2.3	118.4
11	—	—
118	0.8	—
132	2.3	23.1
118	—	7.7
11	10.3	—
118	—	108.4
118	—	26.1



## LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

Trust Name	Price	Change	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998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# FINANCIAL TIMES

Weekend June 4/June 5 1994



Compromise reached after Delors intervenes

## Brussels set to revive rescue plan for steel

By Lionel Barber in Brussels

The European Commission looks set next week to perform a U-turn over its rescue plan for the steel industry, confounding predictions that the plan was dead and buried.

Senior officials predicted the Commission was likely to back a fresh effort to revive the steel plan under the joint auspices of Mr Jacques Delors, Commission president, and Mr Martin Bangemann, industry commissioner. A compromise under review in Brussels calls for the Italian government to repackaging proposals for subsidising plant closures in the northern Brescia region, raising hopes that the steel plan's ambitious target of cutting 19m tonnes in capacity can be met.

Just three weeks ago, Mr Karel Van Miert, commissioner for competition policy and co-architect of the steel rescue, pronounced the plan "dead". He criticised colleagues for voting down

his proposals for monitoring the Brescia cuts, and said he would play no part in future talks.

Mr Van Miert's decision to dissociate himself from the steel plan led to a crisis within the Commission and baffled European steel producers. Despite a lack of enthusiasm within the private sector, most steel groups argued the plan provided a useful framework for cutting excess capacity and curbing state aid.

Mr Delors is believed to have held talks with Mr Van Miert yesterday in an effort to bring him back on board. "This is all about saving Van Miert's face," said one senior official.

Under a complex compromise, the Commission is likely to examine a report on the European steel industry, which includes a request to the Italian government to refine its aid proposals for the Brescia plants in order to produce cuts of between 5m and 6m tonnes in capacity.

The Commission will also con-

sider Mr Van Miert's request for the preparation of possible legal proceedings against the Italians for paying unfair subsidies to producers. However, officials said the inclusion of possible proceedings was a token gesture. The real message from the Commission was a request to Rome to repackaging its aid proposals for the Brescia steel mills.

Mr Van Miert's original plan was outvoted after legal objections from Sir Leon Brittan, the EU's chief trade negotiator. He questioned the principle of allowing state aid for partial closures of steel companies, and warned that it could damage his efforts to reach a multilateral steel agreement with the US.

Yesterday, officials close to Mr Van Miert questioned whether Sir Leon would risk bearing the blame for a second collapse of the steel plan, not least because his long-shot campaign to succeed Mr Delors depended heavily on Italian government support.

## NatWest card error affects up to 60,000 customers

By Alison Smith

Up to 60,000 people have been affected by a mistake in processing by National Westminster Bank, which led to Visa credit and debit card transactions for May 26 being put through its computer twice.

The mistake, which involved millions of pounds of transactions, affected not just NatWest's own customers, but also those with Visa payment cards issued by other banks and building societies who used their cards at retail outlets which bank with NatWest.

NatWest said yesterday that it had discovered the error on May 26, and that corrected entries dated May 27 would be appearing on statements.

The correction was being backdated so that no customer would be out of pocket financially, it said.

The bank blamed the blunder, which arose when the same transactions were processed on two successive days, on human error rather than a computer failure. It said the whole system was being checked to make sure the mistake did not happen again. "This is not a regular occurrence," a spokesman said.

NatWest said that the small minority of customers whose monthly statements ended before the credit entry should deduct the duplicated amount from their bills, and should confirm this with their card issuer if they had any difficulties.

This is not the first time NatWest has had problems with its processing.

Last year, a human error in converting its Worldwide Fund for Nature Visa card accounts into ordinary Visa accounts meant that payments from some WWF card holders were credited to the accounts of other Visa card customers by mistake.

On that occasion, the bank initially decided to adjust the accounts only of those individual customers who noticed a discrepancy and complained.

Only after one customer had contacted a senior member of staff did NatWest contact and compensate the remaining card holders who were affected. In 1992, NatWest had to alert thousands of cardholders to errors after software was changed.

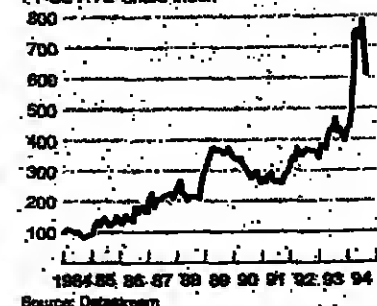
## THE LEX COLUMN

### An ebbing tide

FT-SE Index: 2997.8 (+17.0)

Daily Mail

Daily Mail & General Trust relative to the FT-SE 100 All-Share Index



they were acquired in the late 1980s has reduced depreciation charges and boosted reported earnings. This has reinforced the impression that Enterprise cannot really afford to pay dividends at their current level. The company's share price has suffered. At last night's close of 382p, its all-paper offer was worth only 124p a share compared with Lasmo's share price of 142p.

This 18p gap is the most important indicator of how the bid battle is proceeding. Enterprise has sought to close it by arguing that it can add value to Lasmo's business. But these arguments carry no more conviction than they did at the start of the bid. That leaves Enterprise in the same bind. It needs to improve the offer, probably by offering significant amounts of cash, if it is to clinch Lasmo. But that would put its ability to maintain dividends to its own shareholders under even greater pressure.

#### Daily Mail

Yesterday's \$90m acquisition in regional newspapers is confirmation that Daily Mail and General Trust has moved onto the front foot. Gearing, which was uncomfortably high following the buy-out of Associated Newspapers in 1988, has been gradually lowered. Capital spending is now falling and the national newspaper titles are in fine fettle. With its bids for the national lottery and third national commercial radio licence both unsuccessful, Daily Mail is free to pursue other opportunities.

Even allowing that T. Bailey Forman will improve on last year's £4.8m pre-tax profit, Daily Mail is paying a

full price for a business already earning decent margins. But the Nottingham Evening Post is probably worth more to Daily Mail than to other bidders. Its Northcliffe regional newspaper empire has titles in most of the surrounding towns, so integration should yield cost savings. As one of the last independent regional newspaper companies, T. Bailey Forman was always likely to command a scarcity premium.

Yet the main thrust of recent investments has been in other areas of the media. This week also saw a \$7m acquisition in local radio. Substantial sums are being sunk into a cable television station for London and US multimedia interests. Given his record of picking winners - the seed capital investment in Eurocom was a case in point - shareholders will be happy to back the company's judgment. The real test is whether Daily Mail can repeat its success outside the familiar world of newsprint.

#### US economy

Financial markets did not know quite what to make of yesterday's US unemployment figures. A jobless rate as low as 6 per cent seems calculated to fuel worries about inflation as it is the level at which wage pressure is traditionally expected to appear. But a payroll increase of just 190,000 points to some slackening in the recovery, especially since part of it was accounted for by the return to work of 70,000 striking truck drivers. Put the figures together with other recent data, for example on retail sales and durable goods shipments, and it looks as though tighter monetary policy may be starting to bite. The Labour Department itself has some reservations about the accuracy of the jobless rate, both because it is based on relatively new methods of data collection and because of the size of the fall from 6.4 per cent in April.

There thus seems little to dispose the Federal Reserve to tighten again in the near term. But neither can the markets relax. May represents only one weak month in a trend of generally strong employment growth this year. Also yesterday's data do show some acceleration in average earnings. Though the year-on-year growth is only 2.7 per cent, May's increase was 0.5 per cent. That figure, too, may have been affected by the return of the truckers, but it could come back to haunt the markets if other signs of incipient inflation appear.

## Normandy awaits second invasion

Continued from Page 1

Division, aged between 68 and 83, who have persuaded reluctant French authorities that they are fit enough to fall out of the sky over Sainte-Mère-Eglise, just as they did 50 years ago.

On Monday, the five kings and queens, five presidents, four prime ministers and one governor general will criss-cross the area in a complicated quadrille of bilateral ceremonies. One, France's 76-year-old President François Mitterrand, will have to be virtually everywhere as host, while all will be at the "international" ceremony on Monday afternoon at Omaha Beach, the scene of the worst allied casualties on June 6, 1944 with the deaths of 3,000 Americans.

Absent, perforce, will be any official representatives of Germany, which lost 58,000 men in the Battle of Normandy to the 37,000 allied dead, even though there will be at least one small unofficial American-German ceremony at the private initiative of veterans of both sides. But Mr Mitterrand has invited German troops belonging to the Eurocorps, and Chancellor Helmut Kohl, to attend France's Bastille

day parade in Paris next month. Germany will be present, too, at next May's ceremonies marking the end of the second world war.

Meanwhile, however, this weekend's events will require considerably more troops than the free French were able to muster for D-Day - 15,000 soldiers to ensure the logistics, 7,000 gendarmes to guard the roads, and 4,000 police controlling crowds.

"It's a bit like organising a summit meeting in the middle of the Olympic Games," says Mr Roger Gros, the harassed *préfet* of Lower Normandy, referring to the problem of trying to ensure the safety of so many bigwigs among so many other people in such a large area.

But he will have, as the allies did half a century ago, the advantage of air superiority. An air exclusion zone will prevent anything but VIP helicopters from circulating over the Normandy coast.

Controlling the sea may be harder. In the royal yacht Britannia, Queen Elizabeth is expected on Sunday to lead a small armada from Portsmouth, where tonight she is to host a state dinner. Her Majesty should have no problem. Pressure on her civil

list is not such that Britannia has had to take on cheap Chinese crew, which is the reason that French sailors gave for preventing two P&O ferries from docking at Cherbourg on Thursday.

The presence of some 45 warships, as well as several thousand private boats, will at least ease the hotel queues in Normandy. The Queen will stay on the Britannia moored in the port of Caen, while President Bill Clinton will repair offshore to the aptly chosen Dwight Eisenhower aircraft carrier.

Other dignitaries have had to settle for staying in Paris, so as not to disrupt long-mated hotel reservations by D-Day veterans. On Wednesday a Caen tribunal ordered a local hotel to pay 50 British veterans from the Lancaster Regiment £1,500 each in compensation for cancelling their bookings.

In general, the welcome has been warm and congenial. All sorts of souvenirs for D-Day or Jour-J as it is known in French, are on sale, including Bordeaux and Beaujolais under the "Débarquement 44" label. Luckily, it is not actually that vintage, which would have aged much less well than the veterans.

## Hanson

Continued from Page 1

to be "awash with cash". Lord Hanson also referred to the government's desire for wider share ownership and asked Mr Dorrell how this policy sat with his comments about the rise in dividends. His criticisms underline growing concern that the Treasury may change dividend taxation in the next Budget.

## Fall in US jobless rate unsettles bonds

Continued from Page 1

government bond markets. The yield on the benchmark 10-year UK government bond slipped to 8.33 per cent from 8.47 per cent on Thursday as the price rose to 88½ from 88¼.

The yield on 10-year German government bonds fell to 6.97 per cent from 7.04 per cent on Wednesday, the previous trading

day. Bond prices were also buoyed by technical factors caused by the imminent expiry of futures contracts.

On Liffe, London's financial futures exchange, the September long UK government bond futures contract fell as low as 99½ before rebounding to 102½ in heavy volume for a gain of 1½ points.

Stocks partly followed the

movement in bonds. After opening with a 15-point decline, the Dow Jones industrial average pushed into positive territory and then hesitated.

An unexpected decline in manufacturing employment contained in the May report may have restrained enthusiasm. By 1.30pm, however, the index was gathering fresh strength, climbing 15.38 to 3,774.27.

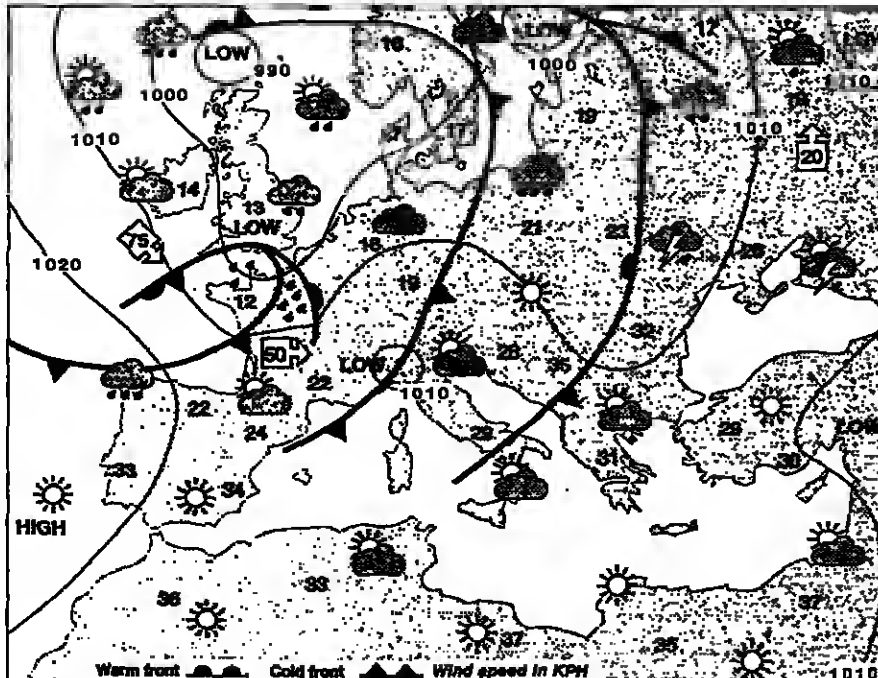
## FT WEATHER GUIDE

### Europe today

A vigorous low pressure system will move over southern England, bringing rain to Ireland and south-west England in the morning. The wet conditions will spread east affecting the rest of England, northern France, the Benelux and northern Germany by the afternoon. The coastal areas will have new rain to strong south-westerly winds, heading north-west later. It will be sunny and warm in southern France, Portugal, Spain and Italy. There will be a mixture of sunshine and showers in the Balkans. The Alps and southern Germany will have occasional showers. Poland, western Russia and southern Scandinavia will remain unsettled with cloud and some rain.

### Five-day forecast

A vigorous low will arrive over north-east Poland on Monday bringing cool, windy and showery conditions over central Europe. Western France and England will have pleasant conditions as an Atlantic high builds towards the Gulf of Biscay. New disturbances will bring unsettled conditions later next week. Portugal and Spain will remain sunny and hot, while in Greece afternoon temperatures will fall and an isolated thunder storm will develop.



### TODAY'S TEMPERATURES

	Maximum	Minimum
Abu Dhabi	32	24
Algiers	32	24
Amsterdam	16	10
Athens	33	24
Atlanta	32	24
B. Aires	18	10
Bombay	33	24
Buenos Aires	32	24
Calcutta	33	24
Cairo	31	24
Cape Town	27	18

### Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Canaries	28	Edinburgh	15	Madrid	15	Rangoon	32
Cardiff	11	Faro	11	Malaga	28	Reykjavik	11
Casablanca	28	Frankfurt	19	Manila	32	Rio	25
Chicago	27	Geneva	19	Maracaibo	32	Rome	27
Cologne	15	Glasgow	15	Mexico City	28	S. Francisco	18
Dallas	27	Hamburg	19	Milbourne	19	Seoul	29
Delft	24	Helsinki	19	Moscow	28	Singapore	31
Djibouti	34	Hong Kong	29	Munich	28	Stockholm	18
Dubai	31	Istanbul	31	Osaka	28	Sydney	18
Dublin	15	Jakarta	31	Paris	17	Taipei	27
Dukrovnik	18	Karachi	35	Perth	15	Tel Aviv	30
		Kuala Lumpur	35	Porto	15	Tokyo	27
		L. Angeles	21	Prague	15	Toronto	20
		Los Angeles	21	Warsaw	17	Vancouver	18
		London	14	Wellington	14	Vladivostok	28
		Luxembourg	12	Yokohama	21		
		Lyon	22				
		Madrid	15				

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# Weekend FT

SECTION II

Weekend June 4/June 5 1994

Field Marshal Erwin Rommel, the legendary "Desert Fox", and commander of the main German force in Normandy at the time of the D-Day landings, would be astonished, if he were alive today, that Germany has survived at all. He would be even more baffled, says his son, Manfred, to find it a prosperous and democratic federal republic.

"At the end of 1943, he had found out so much about the concentration camps, and the extermination of the Jews, that he was convinced Germany was condemned to total destruction," says Manfred.

Field Marshal Rommel never lived to see the day. He was critically wounded in Normandy on July 17, 1944 by a low-flying Allied fighter and evacuated to Germany. By October, he had been implicated in the July 20 plot to assassinate Hitler, and was persuaded to commit suicide rather than face a show trial.

He would not doubt have been equally baffled to see his son, who was 15 years old when he died, as Lord Mayor of Stuttgart for the past 20 years, a pillar of Germany's post-war liberal democratic establishment in one of its wealthiest regions.

"During the Allied invasion, my father had decided that on his own responsibility he would surrender," he said. "That was why he had to be removed. Yet he could not imagine that Germany would get so much constructive help after its defeat from its own opponents. He could not have dreamed that it would eventually become the prize pupil of America."

After the first world war, one could argue about whether the Germans were guilty. After the second, it was completely clear - and yet our enemies behaved generously, and it proved a huge success.

Germany was not invited to join the allies in the flag-waving nationalism of their 50th anniversary celebrations of the D-Day landings. Yet the bridge over the Rhine at the headquarters of the US Seventh Corps - leaves little doubt that "Germany lost the war, but won the peace."

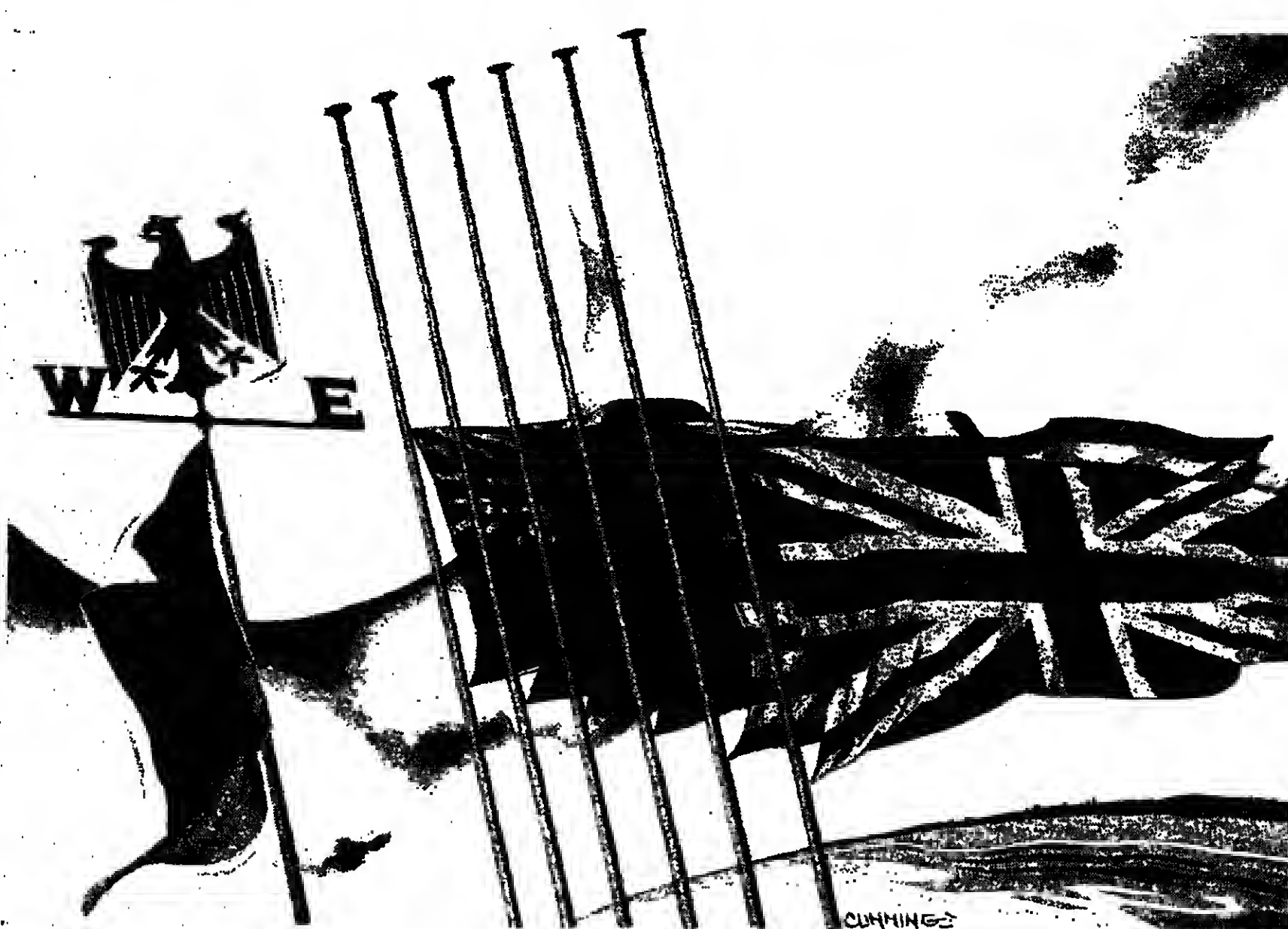
Germany's re-emergence, as the dominant economic power in Europe has been accompanied by a great inner search for a new national identity and pride, a debate about the dangers of nationalism and a huge effort to find its proper equilibrium in the centre of Europe.

This old debate is now sharply focused by the barrage of D-Day commemorations and the other anniversaries culminating in the victory celebration on May 8, 1995. Should Germans remember this date as a defeat or as a liberation from the Nazi dictatorship?

This question has special poignancy at a time when the Berlin Wall is just a gap in the landscape across the nation's future capital. And a unified Germany has recovered its sovereignty in international affairs. Yet, it lacks a unifying sense of national direction.

The spate of racist violence against foreigners in Germany after unification, and some signs of a revival of far-right political parties in local elections, has brought the debate on Germany's national identity under close scrutiny. Yet it remains a confusing debate for Germans east and west, let alone for foreign observers.

One year ago, a senior adviser to Chancellor Helmut Kohl argued urgently that failure on the part of his western allies to invite him to Omaha beach could cost him victory in this year's general election. The chancellor, he said, had dedicated his



## D-Day's absent friend

Consigned to the periphery of the D-Day anniversary, Germany has emerged as the greatest power in a united Europe. Quentin Peel explains what the Germans think of it all

political career to the vision of reconciliation, of the new Germany being inextricably bound into the twin alliances of Nato and the European Union. To be snubbed at such a key celebration could be politically disastrous.

Yet Kohl is most unlikely to have sought an invitation - conscious of having failed to get one 10 years ago at the 40th anniversary. Any such suggestion diplomatically faded as it became apparent that even his great ally, President François Mitterrand, was not politically ready or able to extend the veterans' day parades to include the losing side. Most Germans find it fairly understandable, even preferable.

"You would hardly expect the French to attend a celebration of the battle of Waterloo," says Joachim Fritzsche, for 10 years a German foreign correspondent based in Paris for the newspaper *Die Zeit*.

"It is a military event, and we were the ones who received a military defeat," says Renate Schmidt, vice-president of the German Bundestag, the lower house of parliament, and leader of the opposition Social Democrats in Bavaria. "Military events are not any type of commemorations."

Yet others, including some unlikely allies for the chancellor, regret the day as a missed opportunity, and a sorry demonstration of the revival of nationalism around the world.

"The greatest mistake was not to invite both the Germans and the Russians," says Daniel Cohn-Bendit, the former hero of the 1968 student barricades in Paris, son of Jewish refugees from Germany, and now a leading intellectual force of the German left. "D-Day is the day of the beginning of

liberation from fascism and totalitarianism. It isn't the victory of the French, British and Americans against the Germans. They also had to fight French collaborators and Belgian collaborators."

"The way D-Day will be celebrated is a victory for nationalism, and a black day for Europe."

For Cohn-Bendit, however, the most important question for Germans is not whether the political establishment is invited to attend, but whether they see the day as liberation or defeat.

The concept of liberation has already been widely accepted. In an opinion poll published this week in *Die Woche*, the German weekly newspaper, 69 per cent said they saw the end of the second world war as liberation rather than defeat, 13 per cent disagreed, and 14 per cent were undecided. A similar figure of 67 per cent said

they would not have liked to live in Germany if the Nazis had won the war, and 64 per cent said it was "good" that Germany had lost.

President Richard von Weizsäcker, the retiring head of state, strongly articulated this view in a remarkable speech to the Bundestag on May 8, 1995. Yet his successor, Roman Herzog, still felt constrained on the subject when he was elected last month.

Hildegard Hamm-Brücher, the grand old lady of liberal politics in Germany, and a rival candidate for the presidency, sees the continuing debate as "a sign of precisely how little we have come to terms with this period of our history. We still don't trust ourselves to say it was the liberation we never could have achieved on our own."

"If only we could have got rid of Hitler and his criminal band with our own

hands, but we did not."

She is profoundly concerned at the revival of a debate over Germany's national identity. "It worries me very much," she says. "There is a strong feeling of this 'We won the peace'. It could be a good feeling, if it is combined with modesty and gratitude. But when people like our new right-wing groups try to cut out all the past, and say Germany is unconquerable, that means the creation of a dangerous new myth."

"The second myth is that the Jews were not exterminated, and that once again the Jews are guilty of everything. Something went wrong in telling our children and grandchildren about it. It is wrong to transfer the feeling of guilt to young people. They should not feel guilty. It is rather a question of feeling responsibility for the future, and learning from these historical disasters. It is a question of learning, and making sure people don't forget it."

The conservatives are not the only ones to debate national identity in Germany. Former Chancellor Helmut Schmidt, for one, believes this is one of the big questions facing the nation.

"Only after unification in 1990 did the Germans on either side understand that they were not easily communicating with one another, as between brothers and sisters. They had lived under diverging influences for almost half a century," he says.

"The east Germans did not know until 1990 that their idea of what it means to be a German was different from what a west German thought. West Germans have no idea of what life was like under Ulbricht in Dresden."

Before unification, West Germany's sense of national identity was deliberately submerged in the country's commitment to west European integration. Its self-image was best summed up by Professor Karl Dietrich Bracher of Bonn University, who described it in 1986 as "a post-national democracy among nation-states." East Germany was dedicated to a communist vision of internationalism, however spurious that may have been.

"We [Germans] want to harness ourselves in Europe. We don't want to dominate," says Renate Schmidt. "We know that dominance brings unrest. It disturbs the peace. The difference between Britain, France and Germany is that Germany has been a nation for the shortest time. Many of you don't understand our debate over federalism. We are profoundly federal. There are many different identities: Bavarian, Saxon, Hessian, you name it."

"We don't want to be a great nation. We want our economic power to be controlled within Europe. We regard the revival of nationalism in other countries, not in Germany, without any pleasure."

Helmut Schmidt, like Kohl, was committed to the idea of Germany being "bound into" the European Union, although he argues that it is as much out of self-interest as altruism.

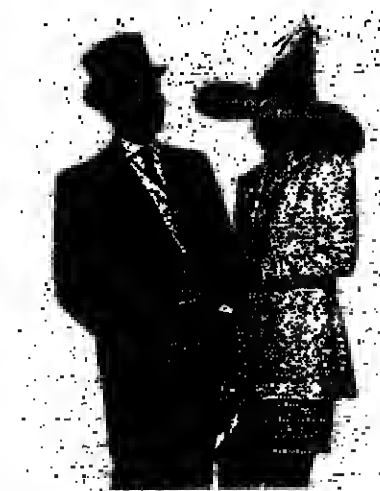
"It is not necessarily only in order to restrain ourselves, but also to prevent conditions against Germany from ever happening again," he says.

"Our geo-strategic position in the centre of Europe is almost unique, shared only by the Poles. When they were weak, they suffered from invasion: by the Swedes, by the Turks, by the Hungarians, by Genghis

Continued on Page VIII  
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### The Long View/John Plender

## Chaos theory for bonds

For anyone who lived through the second half of the 1970s the past few days in the markets have felt curiously familiar. With apologies to Henry Ford, history, in this instance, is funk not bunk. Bond investors are on strike again and the Bank of England has been forced to disinter exotic kinds of IOU to coax these fickle folk back.

Its latest offering consists of a 7 per cent convertible - a throwback if ever there was one. Meantime inflation worries are in a panic over shortages of steel and paper in the UK. All that is missing is the presence of the International Monetary Fund.

If only the IMF would come back. It was much more forgiving than a liberalised and empowered global market, and you could at least argue with its poker-faced officials. Even the Bundesbank was punished by investors earlier this week for daring to cancel an issue of bonds. The backwash from this stand-off was felt across Europe and caused British gilts and equities to wobble. Yet the Bundesbank has less reason than most to decline to raise money at current rates.

With German inflation running at around 3 per cent and 10 year bonds yielding just over 7 per cent, the real rate of interest in Germany is about 4 per cent. If that sounds tough, look at Sweden, where the comparable rate is 7 per cent, or the UK, where the equivalent figure is close to 6 per cent, or France, where it is not far short of that.

These numbers are potentially ruinous for government borrowers and constitute a pre-emptive strike against inflationary pressures that are still remote at this early stage of European economic recovery. And if bond yields continue to rise, they could threaten to turn recovery back into recession, especially in continental Europe.

Since February, when market strategists reached for their books on chaos theory, the bond markets seem to have been obsessed with historic performance rather than future prospects. German bonds have been a safe haven in Europe, with yields rising less than

others in the Group of Seven industrialised countries apart from Japan. Britain is in the financial doghouse. Its bond yields have risen further than any in the G7, while its equities have been treated as though they fell into the emerging market category. They have fallen more than all the others including the US, which is at a more advanced stage in the economic recovery. Does it really deserve this dismal rating?

For all the markets' post-February suspicions of Kenneth Clarke, UK fiscal policy remains undeniably tough. The new macho regime at the Bank of England is joining with the markets in stiffening the chancellor's sinews on the monetary front. The best of the disinflation story may now be over, but the panic about renewed inflation is surely overdue.

The one genuine cause for concern is the recent rise in earnings, which is not solely due to inflated City bonuses. But for the moment that looks like being off-set by the continuing squeeze on prices in the shops. And that great engine of British inflation, the housing market, is quiescent. It was good to see the Halifax Building Society revising downwards its house price forecast this week. As for those bottlenecks in industry, a market that worries about shortages of steel, the product of an industry plagued with subsidies and Europe-wide overcapacity, is plain loopy.

Compare and contrast with Germany, where fiscal policy remains loose and monetary policy looks increasingly suspect. Having built its credibility on adherence to money supply targets, and having argued last year that to abandon the credo would alienate the foreign investors who were financing a majority of the fiscal deficit, the Bundesbank has suddenly lost its faith.

Whether you think that growth in M3 really is excessive or not, the fact that the German central bank has changed its biggest tune when the money numbers are soaring does little for its credibility. Moreover, the timing of the

recent big cuts in the discount and Lombard rates, with a Christian Democrat boss, Hans Tietmeyer, in charge and federal elections due in October, looks highly suspect.

The economy, meantime, is recovering more quickly than expected after the mildest of recessions at the end of a huge boom. Capacity utilisation is rising. The Bundesbank signally failed to reduce inflation below 3 per cent in the recession. If this is the definition of a safe haven for bond investors, then the times are wildly out of joint.

All this suggests that the 14 point gap between 10-year gilt yields and German Bunds is excessive. Real bond yields in Britain and much of Europe are at attractive levels for investors. Yet there is minimal activity in the cash markets and those investors who have chased their turn in futures and options have retired hurt. What could change market sentiment for the better?

Clearly there can be no going back to the peaks seen in 1993. The bond markets were suffering from a speculative overshoot. Moreover, the rise in the yield on index-linked gilts points to a genuine increase in the global cost of capital. This reflects not only the structural budget deficits of the developed world, but the increasing demands being made on the global pot by fast-growing countries in Asia and in the former communist bloc.

Yet the present high level of bond yields is also a result of the immobilisation of international capital flows. Investors in the world's last big creditor country, Japan, are sitting on a rising cash mountain. They worry about political uncertainty at home and the weakness of the dollar against the yen. The preconditions for both a bond and equity market boom may thus be a dollar recovery, prompted by further rises in US interest rates, and the reactivation of Japanese capital outflows. Signs of slower economic growth in the US would also help. Until then keep the book on chaos theory beside the bed.

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## MARKETS

## London

Barbie and  
Sindy v Ken  
and Eddie

Roderick Oram

As double acts go, Barbie and Sindy may be less edifying than Ken and Eddie, but more electrifying to investors. A rally of the dolls is underway with their respective parents, Mattel and Hasbro, battling each other for control of J.W. Spear & Sons, the British toy maker. Spear's stock is already up 53 per cent from its January low to 750p with every last Scribble still to fight for.

But is the stock market's uplift this week - achieved without assistance from Chancellor Kenneth Clarke or Governor Eddy George - anything more than a cosmetic correction?

After the dreadful drubbing stocks and bonds suffered the previous week, the tide turned on Thursday in the futures markets. The cash markets too saw some genuine buyers attracted by near 9 per cent long gilt yields and 4 per cent dividend yields.

The upturn proved fragile yesterday. No sooner did the

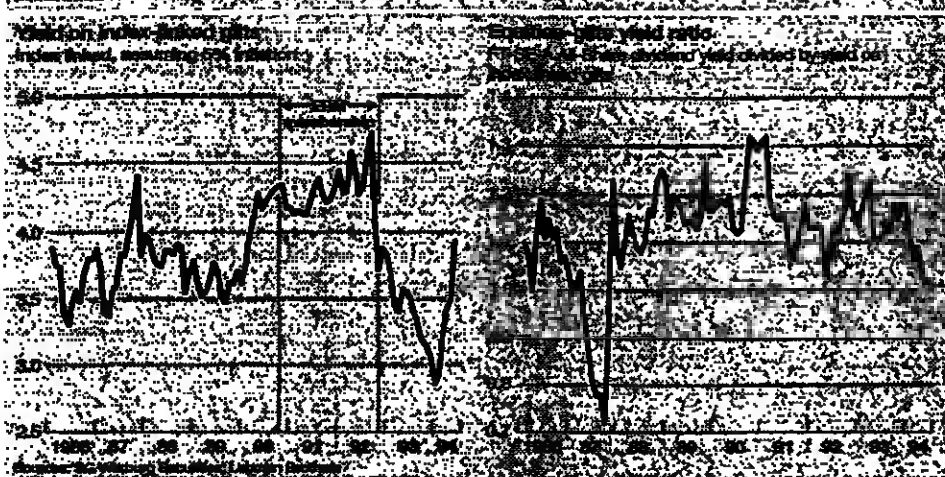
latest US payroll figures hit screens at lunchtime, than stocks and bonds headed south again. Only when US bonds rebounded on some comforting words from the White House did UK markets recover their poise. The FT-SE 100 index finished with a 31.4 point gain on the week at 2,997.8.

Few investors doubt there is genuine value in equities and gilts at these levels but none are in a hurry to buy. "We feel slightly spoiled for choice," says David Manning, director of UK equities at Legal & General, a large institutional investor. But there is no need to rush to invest in either market. "They will still be here in two or three months' time at the same sort of levels."

One factor holding him back is the high yield on index-linked gilts. Not only is the 4 per cent return virtually the same as the stock market's average dividend yield but it is also risk-free.

As the first of the accompanying charts show, the index-linked yield is high by historic

## Indexed competition



standards apart from the period 1990-92 when it was boosted by sterling's membership of the ERM. It is hard to envisage yields rising much further. But even if the bond market fails to rally and achieves only stability, equities could still gradually recover.

"If indexed linked yields do stabilise and one looks out through 1994 and 1995 one can see an equity yield premium re-emerging fairly rapidly," say strategists at SG Warburg Securities, thanks to rapid dividend growth.

As the second chart shows, the dividend yield has rarely been so close to the index-linked gilt yield apart from the run up to the 1987 crash. At current levels, equities are expensive but will become more attractive as dividends grow and the yield ratio rises.

Such a modest stock market improvement later this year,

led by expanding earnings and dividends, seems much more likely than one led by a bond market rally and falling interest rates. Even though a long gilt yield of around 9 per cent is discounting more inflation than most people expect, there are too many economic uncertainties at home and abroad for investors to chase bond prices higher.

A parallel can be drawn with the market in mid-1985, says Vivian Basilakos, managing director of Gartmore Pension Fund Managers. "This is a mid-cycle reaction when the market is switching from being interest rate to earnings driven. We see scope for the market to rise to its former peak or even a little higher by the end of the year," Gartmore has remained slightly overweight in UK equities through-

out the market's 15 per cent correction from its February peak. Most other UK institutional investors are also well represented in domestic equities so they may not be a source of particularly heavy buying when the market begins to recover. However, there are stocks to cherry pick. Legal and General, for example, likes those big international stocks in the Footsie which offer above average dividend yield and exposure to the US economy.

No companies reporting this week fit the profile although Sobe falls only on the dividend count. The controls maker reported a 30 per cent rise in pre-tax profits for the year to £217.2m and an 11.6 per cent increase in full-year dividend to 11p for a gross yield of 2.4 per cent. Its underlying profit margins held up through the

recession and it is now enjoying some growth in demand in the Americas and elsewhere. The most pleasant surprise came from Boots. Reporting pre-tax profits for the year up 19 per cent to £484.4m and the dividend up 12 per cent to 15p, it shook off some of the investor doubts which have dogged it for the past 18 months. It has yet to work out what to do with its struggling drugs business or to show it can make money in the do-it-yourself sector, but there is no doubting the strength of its core retailing business.

In contrast, elsewhere in the retail sector, Kingfisher delivered a rather downbeat annual general meeting statement. First quarter sales volume was lower than a year earlier and its "every day low pricing" policy is still not paying off convincingly. Its shares lost more ground and are now down 33 per cent from their high for the year of 78p.

Granada Group offered the most sparkling performance of the week. Its interim pre-tax profits were up 51 per cent to £109m and its dividend up 10 per cent to 2.33p. Acquisitions in catering and textile rental were big contributors while LWT, the television franchise, chipped in only one-month so far.

Although Granada's results attest in part to the profitable audience for glamorous game shows, Barbie and Sindy are fighting on a higher intellectual plane. Not for them the trappings of outfits, accessories and hairstyle they normally crave. This time they are each after Spear's Scribble franchise. Sadly, there would be little contest if they challenged Ken and Eddie to a game.

## Serious Money

Investments that  
help you sleep well

Gillian O'Connor, personal finance editor

Where can you find a hiding place if you are scared by the inflation bogey? Utilities are tempting: their profits are linked to inflation, they have been very heavily sold because of regulatory fears, and they offer correspondingly good yields. But you need to pick the right utility and the right companies, and they are relatively risky at the moment.

Index-linked gilts and index-linked National Savings certificates are a safer alternative. Both guarantee you a real (inflation-proofed) return. But which should you choose?

The current issue of indexed National Savings certificates (the seventh issue) offers a tax-free return of 3 per cent above the rate of inflation to those prepared to hang on for five years: there is no income as such. Both capital and income from index-linked gilts is inflation-proofed. And though any capital "gain" is tax free, the income is taxed. So returns depend both on your inflation expectations and on your tax rate.

At current prices, and assuming 5 per cent inflation, real (inflation-proofed) returns on most indexed stocks are around 3.3 per cent to people paying basic rate tax of 25 per cent. For people paying 40 per cent tax, the comparable figure is around 2.8 per cent. Unusually the shorter dated stocks yield much the same as longer dated ones - which normally offer more because of their greater risk. Note though that the two stocks with high coupons (nominal interest rates) have poor net yields, and should be avoided, particularly by higher rate taxpayers.

Given how close their yield is to that on National Savings certificates, indexed gilts look the better choice for most people. First, gilts are far more flexible: you can sell when you want. Secondly, there is at least a chance of a short-term capital gain if the gilt market

eventually recovers some of its nerve. Indexed gilts have fallen along with the others this year - though by less.

If you buy indexed gilts now you face two possible outcomes. If inflation worries persist, you can hang on until redemption, secure in an inflation-proofed yield of around 3 per cent. If inflation worries fade, you may be able to sell your indexed stock at a modest profit, and look for something else. Not perhaps the most exciting investment in the market. But if you are interested in sleeping well, you take Valium, not a pep pill.

■ ■ ■

Many people think the UK equity market is cheap, but are scared of buying - because it might get cheaper still. Market timing is one of the hardest aspects of investment. Some of the most successful long term investors simply ignore it. But few ordinary people can sustain such Olympian detachment. So when will share prices stop falling?

The stockmarket equivalent of the Delphic Oracle is technical analysis, or charting. Technical analysis is a way of predicting future price movements from past price movements. It often uses recurrent patterns as a predictive aid. Think of the charts as a shorthand description of the past behaviour patterns of investors. Chartists use these patterns to predict how investors are likely to behave in similar circumstances in the future.

For example, most investors sell a share when it goes below their buying level. So heavy buying on the way up, is likely to be matched by equally heavy selling on the way down. Take Wall Street. We know that three quarters of all the money in US mutual funds (the American equivalent of unit trusts) has been invested for less than three years. So if Wall Street takes another tumble, successive waves of selling

by mutual fund investors could help it on its way until it reaches the level at which the first of these neophytes bought.

We asked Robin Griffiths of James Capel to give us a chartist view of the London stockmarket. He reckons that now that the FT-SE 100 index has moved down through the 3050 level, it will keep falling until it bounces at 2800 or possibly 2600. That will probably be in September, and the subsequent recovery could be sharp.

Why 2800? When sterling left the ERM in September 1992, the FT-SE 100 index took off like a scaled cat and rose by a quarter, then it yo-yoed sideways for six months, before a second steep climb. The bottom of that six month corridor was 2800. The top of the second climb was 3520. Chart patterns suggest that once a pattern has lost more than half an earlier rise to where it started, and FTSE has now lost more than half its rise from 2800 to 3520.

And why the alternative floor of 2600? This time we start measuring from the 2200 level of FTSE when sterling left the ERM. From this vantage point, shares are set to retrace half their subsequent gain. And the mid-point between 2200 and the 3520 peak is - 2860.

This is not a Crash; it is not even a bear market. It is a setback, argues Griffiths. But do not expect a serious rally until gilts - which have led this fall - are generally perceived to have hit bottom. There may well be a small rally before then, but it will not last long. What will probably scupper it is the next sell-off on Wall Street. Wall Street's unusually prolonged rise suggests an unusually big correction in store.

How seriously should you treat chart-based forecasts? The Delphic Oracle was always right. But fallible human interpretations of her meaning were often fatally misleading.

## HIGHLIGHTS OF THE WEEK

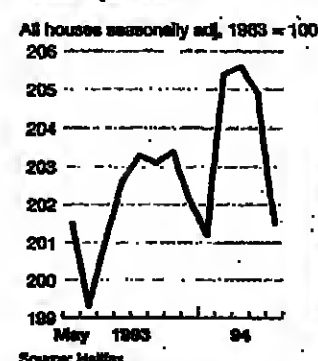
	Price y/day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	2997.8	+31.5	3202.3	2931.8	Bargain-hunting rally
FT-SE Mid 250 Index	3557.3	-15.0	4152.8	3537.7	Second line stocks neglected
Anglian Water	483.4	+19.4	607	442	"K factor" optimism
Associated Nursing	273	-15	300	285	£10m rights issue
Bass	530	+22	619	505.4	Brokers positive
Boots	525	+16	601	504	Good results
Enterprise Oil	382	-17	486	383	May Bt Lasso bid terms
Euro Disney	388	+20.4	457.4	334.4	Saudi Arabian investment
General Accident	597	+46	757	537	Hoare Govett/BSW buy notes
Hall Engineering	169	-71	320	169	Profits warning
Kingfisher	518	-33	778	511	Cautious again
McAlpine (A)	219	+37.4	321	219	£20m rights issue
Northern Ireland EL	222	-22	301	208	Switching to "rec"
VSEL	910	-98	1093	858	Profits static this year
Vesper	737	-30	805	661	Loss of Australian contract

## AT A GLANCE

## Finance and the Family Index

Moving Peps/Best savings schemes ..... III  
Week ahead/Directors' dealings/Water companies ..... IV  
Company dividends/Dividends of a private investor ..... V  
Investment costs: Peps/Growth personal pensions ..... VI  
Highest deposit rates/Annuity rates/CST change ..... VI

## House prices



## UK unit trusts



## House prices rise and fall

Homeowners were given conflicting views of the housing market by two of the main building societies this week. Halifax, the largest society, said that UK house prices fell a seasonally adjusted 1.6 per cent during May, while Nationwide said that its index showed a rise of 1.4 per cent. The monthly fall in the Halifax index left prices unchanged from a year ago, but Nationwide reported an annual rise of 3.3 per cent from last May. Halifax said the 1.6 per cent fall was unexpected, but added that there was evidence that total housing market activity had fallen in May. It said this could be due to the April tax increases and higher fixed rate mortgages.

## Unit trust sales remain strong

Net unit trust sales fell last month to £378m but this was still the second highest monthly figure this year and the best April figure on record. Strong sales of unit trust personal equity plans (Peps) had contributed to making March the best month ever, with net sales of £1.37bn. But April 5 signalled the end of the rush to buy tax-free Peps for the last financial year.

Private investors accounted for 73 per cent of net sales last month. UK equity income and international growth were the most popular sectors for private investors, while institutions preferred the fund-of-funds and UK growth sectors.

## Angels can go on line

Wealthy individuals interested in becoming "business angels" - taking a direct stake in a small business and possibly becoming involved in its management - have a new source of information. VentureList is a computer database which will carry details of small businesses looking for capital.

VentureList's promoters hope that a wide variety of organisations will join, including chambers of commerce, training and enterprise councils, accountants, financial advisers, high net worth banking divisions and so on. Individuals will pay about £25 a time to log on to the system and search for businesses meeting their requirements. Businesses will pay £50 to have their details recorded, and £250 for a vetting process to check their suitability for business angel investment.

## Smaller companies index slips

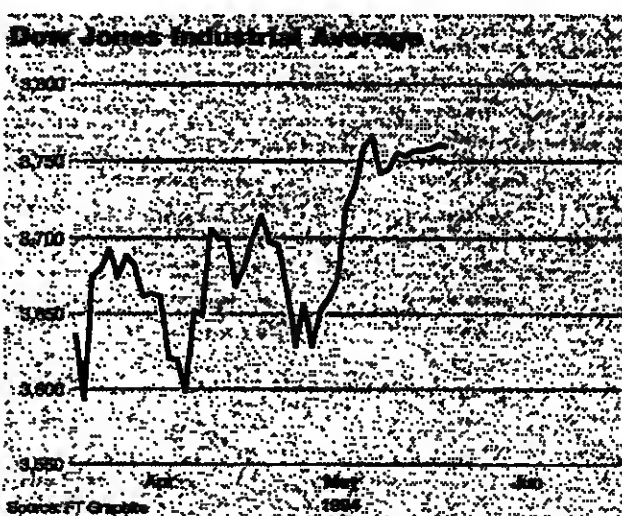
Smaller company shares had another bad week. The Hoare Govett Smaller Companies Index (capital gains version) dropped 1.2 per cent to 1887.63 over the week to June 2.

## Next week in Finance and the Family

Our series on the true costs of investment tackles one of the most controversial areas: life insurance. Life insurance companies have been fighting against Government plans to force them to disclose their costs. What are they so worried about. We provide an exclusive preview of likely revelations.

## Wall Street

## Why the Dow does not like Fridays



since February 4) and could be forced into further rate rises to put a belated brake on the economy.

The latest employment figures provided ammunition for both sides. The number of new jobs created in May, at 181,000, was around 100,000 fewer than the markets had been expecting. But the April

job numbers were revised up by 81,000, and the overall unemployment rate dropped to 6 per cent from 6.4 per cent the month before. While bonds rallied a point out of relief that the picture was not worse, equities managed only a half-hearted end to a half-hearted week. The stock market had spent

the previous days waiting anxiously for the jobs figures. One stock that managed to defy this torpor was Microsoft, the software group. Its shares continued a climb begun in mid-May, when it was first announced that the company would be included in the S&P 500 index of leading stocks.

Breaking into a widely-followed index such as the S&P 500 can do wonders for a company's investment credentials, even when the company is as well-known as Microsoft. Around a third of the shares owned by US pension and endowment funds (equivalent to £400bn worth of equities) are held "passively" - the institutions holding them are trying simply to track the performance of a stock market index, not to beat it. To do this, they simply buy all the stocks in proportion to their weightings in the index.

So making it into an index creates an instant new market for a company's shares. The people who run indexed funds "aren't employed to be overweight or underweight [in a particular stock]," says John

Webster, a consultant at Greenwich Associates, a leading US investment consultancy. "If they're underinvested, they're taking a bet."

It may seem surprising that Microsoft - worth \$30bn - has not been in the S&P 500 before. The problem for Standard & Poor's, which runs the index, has been that only a small proportion of the company's shares have been available to outside investors. Now, it says, there are enough shares available to make it a candidate for the index.

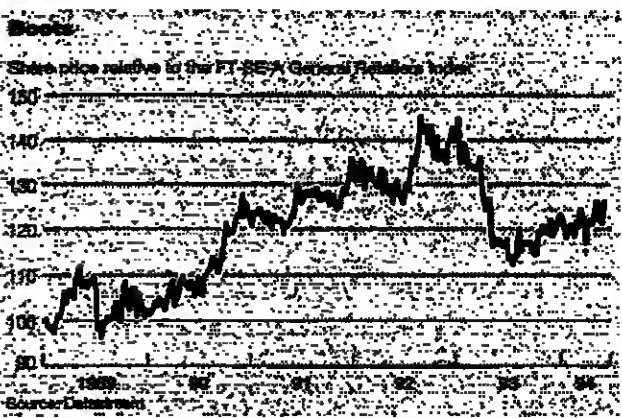
Apparently, though, there still are not enough available for everyone who wants them to buy without driving up the price. By yesterday lunchtime, Microsoft's shares had climbed to \$63 1/4 - a gain of 14 per cent since 11 May. The company joins the index at the close of business on Monday.

## Richard Waters

	Monday	Closed
Tuesday	3758.37	+ 1.23
Wednesday	3760.83	+ 2.46
Thursday	3768.99	- 1.84
Friday		

## The Bottom Line

## Boots pulls up its margins



fall in sales in the first quarter of 0.7 per cent.

The reasons for the reversal of fortunes are complex. But while it is too early to write off Kingfisher chairman Sir Geoffrey Mulcahy's "value retailing" approach, Boots' success does suggest the Mulcahy way is not the only way. Boots, however, differs in

not comes from Boots' own cosmetics and healthcare factories, now grouped in a separate division, Boots Contract Manufacturing. BCM sells 60 per cent of its output to Boots the Chemists - and lifted operating profits nearly a quarter last year.

Boots Healthcare International, the over-the-counter drugs division, also supplies Boots the Chemists with big sellers such as Optrex, Strep-sils and Nitrofen. Healthcare International more than doubled its profits and is earmarked for expansion.

A second difference is that a question mark hangs over one of Boots' main divisions - pharmaceuticals - and several of its retail chains are in rather worse shape than Kingfisher's. The withdrawal last year of heart drug Manoplas robbed Boots Pharmaceuticals of annual sales which analysts had forecast might reach £160m and left it too small to

compete in a rapidly-consolidating global drugs industry. Boots is reviewing its future and examining sale, merger or asset-swap possibilities.

The performance of the other retail businesses, especially those acquired in the 1989 takeover of Ward White, is patchy. Rationalisation of the DIY joint venture Do It All should reduce losses, as Halfords is recovering strongly. But Children's World and Boots made losses, and the task is still to raise the performance of these businesses to acceptable levels.

Investors might be cautious of Boots until the future of the pharmaceuticals business is resolved - analysts fear a sale might be earnings-dilutive. It would, however, add to Boots' £150m cash pile, providing opportunities for expansion, for example of Healthcare International.

Boots also says it has "no philosophical objection" to handing cash back to shareholders. Either way, Boots' success in confounding its critics during a tough period suggests it is likely to remain one of the market's more solid long-term performers.

Neil Buckley



## FINANCE AND THE FAMILY

## Putting life back into your Pep

Scheherazade Daneshkhu on the best ways to change your plans

If you are happy with your personal equity plan, read no further. But if you are unhappy with your choice - like one *Weekend FT* reader whose independent adviser (IFA) told him he needed a Pep, but that it did not matter what went in it - read on.

Fortunately, investors who are disappointed with the performance of the funds or shares in their Peps are not locked into them. They can transfer to another plan manager without affecting their annual allowance of £5,000 in a general Pep and £3,000 in a single company Pep.

These amounts may seem relatively small but, by now, a married couple could have invested £110,400 since Peps began in January 1987. Since all income and capital gains are tax-free, the sums involved are not inconsiderable.

**Why transfer?** The Pep transfer market is growing rapidly. Independent adviser John Spiers, of Best Investment, explains: "There is definitely more Pep transfer business than before; the fastest growing part of our business is people wanting advice on their existing Peps." Matthew Orr, of stockbroker Killick, agrees: "We are taking a lot of transfers. For each Pep going out, there are a dozen coming in."

Why are investors doing it? Some will have been disappointed with the performance of the Pep or find their investment needs have changed. Others, who have subscribed to a variety of different plan managers over the years, may now find the paperwork too much and want for a simplified system offered under the umbrella of a single plan manager.

either a stockbroker or an IFA. Robert Noble Warren, of fee-based IFA Murray Noble, says: "The major cause for Pep transfers appears to be dissatisfaction with the administration and a lack of personal service. The high street banks and one or two large life companies seem to have the worst of it."

**Before doing it...** A Pep transfer costs money and will take around four to six weeks to complete, so it is not a decision to be taken lightly or often. Spiers says that if your worry is performance, first check how the fund or shares have done compared with a relevant index such as the FT-SE-A All-Share (Money Management magazine publishes performance tables).

If there is significant underperformance over a number of years, see if there is a pardonable reason. Recovery funds or UK smaller companies are cyclical stocks which will not do well in times of recession but should outperform when recovery is under way.

**How to do it.** Contact the new plan manager for transfer forms. According to Roz Barber, of Chase de Vere, the new manager should handle the transfer process for you. There may be three forms to fill in: one to notify the old manager that you are transferring out, another to the new manager saying you want to transfer, and possibly one telling the latter what you want in your new Pep.

Do not on any account tell your existing manager that you want to close the Pep. He might cash your holdings - and you would lose the Pep status on the amount held, so wasting the allowances that allowed you to build it up.

**What you pay** This depends on the type of holding you own. Some investment trusts and a few unit trusts charge a transfer fee, usually between £25 and £50. A few funds have withdrawal charges on their Peps for up to five years as a quid pro quo for a lower initial charge (these include Fidelity's Gartmore, Guinness Flight, Scottish Equitable & M&G's Income fund). If you hold individual shares, there will be dealing charges.



More portable than it appears!

## First for savings

Trusts top insurance, says Scheherazade Daneshkhu

Unit and investment trust savings schemes offer far better returns than their life insurance counterparts. Over 10 years, the pay-out on the top-performing unit trust was more than double that of life-related policies.

A survey in *Money Management* magazine asked fund management groups to provide returns based on premiums of £50 quoted net of all charges. Savings schemes allow those who cannot afford to put in large, lump sums to gain exposure to equities through small, regular investments. They have been a feature of life plans for over 100 years but are a far more recent innovation for collective funds.

The higher-charging structure of life policies contributes to the significant difference in returns. The top-performing fund for both unit trust savings plans and maximum investment plans (MIPs) - the standard type of long-term, unit-linked investment life policy - over 20 years is M&G Recovery (not shown in the table); but investors in the unit trust received £123,159 after 20 years compared with £124,645 in the MIP. If they had chosen the best-performing endowment policy (Tunbridge Wells Equitable), they would have seen a pay-out of only £64,635.

Comparison between collective and life policies is difficult, though. Unlike collective funds, endowments will provide some life cover, and returns are tax-free. The latter is not the case with collective funds unless they are held in a personal equity plan.

Moreover, there are huge variations in performance between different management groups. The best unit-trust in the UK growth sector over 10 years - Fidelity Special Situations - paid out almost double the amount offered by Save & Prosper Special Situations, the lowest performer.

Top-performing unit trusts tend to be specialist funds. Gartmore Hong Kong is a single country fund to which few widows and orphans are likely to have been attracted.

A fairer comparison for a with-profits endowment, which is a broadly-based fund aiming

## How do savings schemes compare?

Manager/fund	5 years £	Investment manager	10 years
Unit trust regular savings plan			
Gartmore Hong Kong	8,528	Gartmore Hong Kong	29,823
Mercury Gold & Gem	8,392	S&P SE Asia	26,231
Invesco HK & China	8,038	Invesco HK & China	21,892
S&P SE Asia	7,235	Lincoln Natrl N Am	17,799
Gartmore Pacific	7,207	Baring European	17,406

Investment trust regular savings plan			
HTR Pacific	7,010	HTR Bankers	19,656
F&C Enterprise	6,156	HTR City of London	17,740
HTR Bankers	6,043	F&C Smaller Cos	17,518
F&C Emerging Mkts	5,870	F&C Pacific	17,327
F&C Smaller Cos	5,805	Fleming Enterprise	17,075

With profits endowments		
n/a	Swiss Life	12,312
	Royal London	12,111
	Tunbridge Wells Eq	11,580
	Equitable	11,494
	Commercial Union	11,475

Maximum investment plans		
n/a	Comhill UK Equity	13,903
	H&S Samuel Financial	13,241
	Axa Eq&Law Higher Inc	13,188
	Prov Cap Pacific	13,170
	Confed Life UK Equity	12,712

Unit trust Pep regular savings		
S&P SE Asia	7,273	n/a
Perpet Int Em Mkts	6,655	
Perpet Far Eastern	6,551	
Abtrust Far E Em Mkts	6,001	
Frankington Hith	5,778	
Investment trust Pep regular savings		
F&C Smaller Cos	5,990	n/a
F&C Pacific	5,520	
Fleming Enterprise	5,401	
F&C Int Gen	5,279	
Fleming Fledgling	5,269	

The table shows the returns on £50 a month invested over five and 10 years to March 1 1994. MIPs figures show the top funds across all sectors which matured on February 1 1994. The same date applies to the best actual maturity values for with-profits figures. With-profits figures refer to a policy belonging to a male, aged 30 next birthday, paying a true gross premium of £10 pm (1983-94), £10pm (1985-91) and £50pm onwards inclusive of policy fee and other charges. Source: Money Management

for low volatility, might be with the UK general unit trust sector. Even here, though, the unit trust returns are better.

Pay-outs from the top-performing endowments over 10 and 20 years (Swiss Life and Tunbridge Wells Equitable) were £12,312 and £64,635 but M&G Midland & General, the best UK general unit trust over both periods, provided returns of £14,380 and £136,220.

Interestingly, the survey showed that the top unit trust savings scheme bettered those of investment trusts over five and 10 years, although the reverse was true over 20 years. Lump sum investments usu-

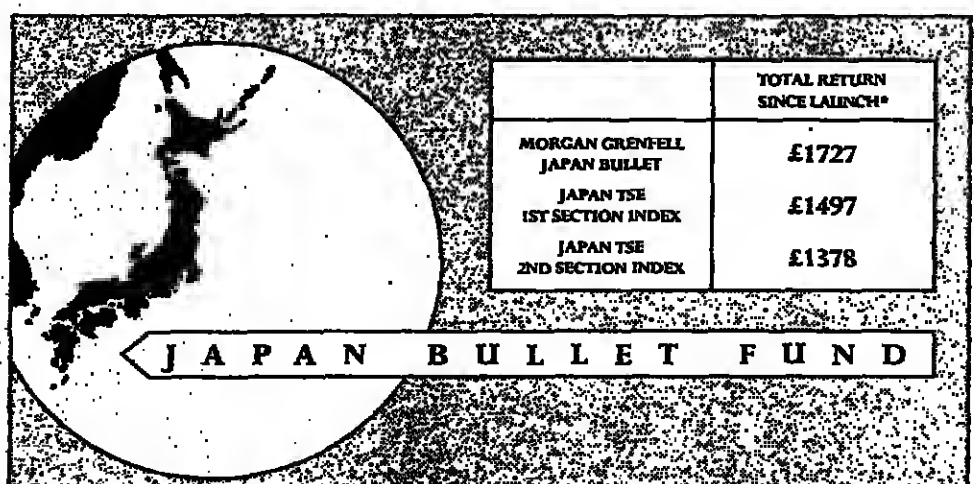
ally show outperformance from investment trusts. Since much of this has been due to a narrowing of the discount, investors in savings schemes have not benefited to the same degree. Investment trust savings schemes are also far fewer than unit trusts.

The survey also covers five-year results for Pep regular savings plans. Re-invested gross income boosts the performance of Peps compared with collective funds outside them. But the gross income effect is negligible on overseas funds with lower yields.

See also Page 13, FT Guide to Investment Trusts

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\*Source: NAV to NAV, gross income reinvested since launch (7.2/92) to 1.6/94.

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## FINANCE AND THE FAMILY

Diary of a Private Investor / Kevin Goldstein-Jackson

## Foreign attractions

For many years, I have invested directly in a number of foreign companies. With the UK stock market continuing to be jittery over political and economic prospects, investing overseas has increasing attractions.

Specialist unit and investment trusts are useful for gaining an interest in a wide spread of companies, particularly in areas where it is difficult for a private investor to make direct investments. But there is still nothing like the thrill of finding an outstanding foreign company and buying shares in it.

The investor has a direct relationship with the company and, if its shares rise upwards, the effect on a small share portfolio can be considerable.

It is also easier to find one or two good companies rather than, say, 100. This is why, even if a trust chooses a company where shares soar by more than 80 per cent, the chances are that most of the other shares in the trust's portfolio will perform less well; thus, the out-performance of one company will be watered down by the rest.

This is not to say that an investor should pin all his hopes on one or two shares; even if the shares are chosen carefully, things can still go wrong unexpectedly. There are extra hazards with foreign investments, including currency fluctuations which can affect an investor's profits dramatically.

My first overseas investment, many years ago, was in a small Canadian mining company quoted on the Vancouver Stock Exchange. I was working in the Sultanate of Oman at the time and there was no way I could keep completely up to date with the company's share price.

Although I had a subscription to a Canadian newspaper, it took some time to arrive. The shares cost me around 45 Canadian cents each. I sold them for more than £38, only to see their rise even further before they plummeted rapidly. I had a lucky, and profitable, escape.

Despite such an unforgettable experience, I have not ventured near the highly-speculative Vancouver market again. Perhaps if I lived in Canada and could monitor market sentiment, rumours and share prices closely, I might well be tempted.

This highlights one of the main problems in investing overseas: following the progress of your chosen investment. Being linguistically disadvantaged (the only languages I speak are English and a bit of Cantonese), I have restricted my foreign investments to those companies where the reports are available in English.

I did once venture into the



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Japanese market, where I invested in a company that was too small to feature in the FT's world stock markets pages. I had no idea how its shares were performing (apart from phoning a London stockbroker) and could not read the all-Japanese report.

There were also problems with the custody of the share certificate (it had to be held in Japan). I soon disposed of this aggravating investment.

Most of my foreign investments have been in US, Hong Kong and Swiss companies, mainly because I have travelled extensively in those countries and subscribe to US and Hong Kong publications.

It is also easy to follow the progress of many major European companies because the *Investors Chronicle* magazine has a section every week devoted to European company results. Their share prices also appear in the FT.

A number of companies, such as Nestlé, in which my personal pension scheme has a holding, also are quoted on the London stock market; thus, it is even easier to deal in their shares and monitor their progress.

Many private investors continue to think it is difficult to buy shares in foreign companies. Yet, most brokers have some capability in this area and a number of them offer a highly-efficient dealing service.

Although shares can be registered in a "margin" or nominee name, it is possible to hold many foreign shares directly - in which case, the problem arises as to how to handle foreign currency dividend cheques without incurring heavy UK bank charges.

The easiest solution is to open an overseas bank account. But you must be careful to keep proper records of any withholding taxes on bank

interest so that, where appropriate, these can be dealt with later under any double-taxation agreements between the UK and the country concerned.

At one time, my two daughters had shares in Walt Disney in the US, as I thought it would be a useful educational investment exercise. They enjoyed reading the colourful annual report - and I even took them to Disney World so they could inspect one of "their" company's operations and spend their dividends.

We sold the shares some years ago when I had doubts about the viability of Euro-Disney. Indeed, we never bought Euro-Disney shares as we felt this theme park would have had more success in the UK than France.

There are other well-known non-UK companies which can be followed - especially those making products used in UK homes every day. I am, for instance, attracted to Dole fruit and juices in the US. A visit to the local reference library to look at *Who Owns Whom* provided me with the headquarters' address. A letter to the corporate secretary produced a copy of the annual report from which I could start an analysis of the company's investment potential.

Many US companies have departments devoted to shareholder relations and are more forthcoming with information than some in the UK. Potential investors should request a copy of Form 10K, which is required of every quoted company by the US Securities and Exchange Commission; this is especially useful because it provides financial and other information, including background details of a company's executive officers.

Some US company reports put to shame those produced by many UK companies. Take Knight-Ridder, the newspaper and information services group: it provides a wealth of

financial and other information ranging from operating cash flow margins to highs and lows of its share price for each year over the preceding decade.

It also includes biographical details of directors and senior management, a brief history of the company, and a huge amount of information concerning the company's operations. I am still digesting it all before making a decision as to whether to invest.

Over the years, my US investments have been very profitable - notably Amfac (which owned more than 50,000 acres of Hawaii) and MCA, the entertainment conglomerate - both of which were taken over for sizeable sums.

My interests in the US were increased after I sold my holdings in Hong Kong some time ago after becoming concerned about ludicrously high property values. It was all rather reminiscent of Japan.

An investor might be attracted to a Hong Kong company because he liked its products - only to find, reading the small print of a report, that much of its profits actually came from property sales or investments in other companies engaged in share or property dealing. I believe Hong Kong shares have much further to fall.

Although Wall Street is overdue for a further market correction, I still feel there must be companies worth seeking out in the US for longer-term gains. Hopefully, I can find something attractive in case the UK market disappoints.

Personal investors might see another attack on their dividend income if recent government policy hints are translated into action in the next Budget. Stephen Dorrell, financial secretary to the Treasury, is reviewing savings and investment. And, in a recent speech to the Confederation of British Industry council, he suggested high dividend payouts in recent years may have restricted companies' ability to invest for the future.

Dorrell ruled out a return to the dividend controls imposed in the 1970s and said tax changes would not be made until the government could "first identify the improvement we seek and, secondly, establish that tax changes are the best means of achieving it."

Nevertheless, City opinion is concerned about the potential for a tax change. The National Association of Pension Funds is sending a report to Dorrell arguing that there is no evidence to suggest high dividend payouts restrict investment.

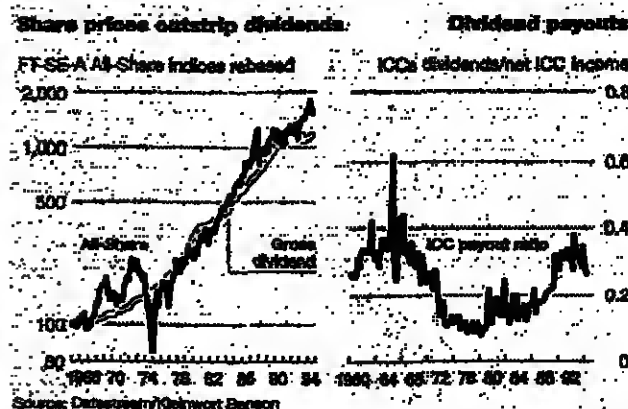
The government has already made one attack on the tax position of dividends. Norman Lamont, then chancellor of the exchequer, cut advance corporation tax (ACT) to 20 per cent in his March 1988 Budget. But the peculiar UK system of dividend taxation meant that this "cut" actually reduced the income of many investors.

The British system is designed to stop investors from facing "double taxation": this would occur if they paid tax on dividend income on which companies had paid corporation tax already. Instead, UK companies pay ACT when they make their dividend payments to shareholders. This ACT is then offset against the company's corporation tax bill on its annual profits. For basic-rate tax investors, the ACT payment is regarded as meeting their income tax liability.

But the growth of pension funds, which are non-taxpay-

## Worry over dividends

Personal investors face threat to income, says Philip Coggan



ing, has had a peculiar effect on the system. A pension fund can reclaim the ACT paid by a company. Every time it receives a net dividend, it also gets a tax credit to cover the ACT paid. It uses this credit to reclaim the tax from the Inland Revenue, a process known as "grossing up" the dividend. Thus, by reducing the tax credit, Lamont's cut in ACT cut funds' income.

What about private investors? If a Dorrell-inspired reform followed the Lamont example, the two largest groups to be hit would be higher-rate taxpayers and investors in personal equity plans.

Takes a company which pays a net dividend of 7.5p. Under the pre-Lamont system, that would have generated a tax credit of 2.5p. A pension investor could claim this credit, in the same way as a pension fund,

and earn 10p in total. A higher-rate taxpayer would have been forced to pay the difference between the basic rate of tax, 25 per cent, and the top rate of 40 per cent. This 15 per cent rate, charged on the gross dividend of 10p, would reduce the higher-rate investor's dividend to 8p.

Lamont reduced the ACT rate to 20 per cent. This meant that, in the above example, the tax credit fell to 1.875p, and the total return to the pension investor to 9.375p. The higher-rate taxpayer was hit, too. He now had to pay the difference between 20 per cent and 40 per cent tax (that is, his "extra" tax bill increased from 15 to 20 per cent). This meant that his net dividend fell from 8p to 6.25p. Overall, the income of both higher-rate and pension investors was reduced by 6.25 per cent.

Say the next Budget reduced the ACT rate further, to 15 per

cent. On a net dividend of 7.5p, the tax credit would be 1.32p, making a gross dividend of 8.82p. For higher-rate taxpayers, their after-tax dividend would fall to 5.25p. Both sets of investors would see a fall in income of 5.9 per cent.

Basic-rate taxpayers are unlikely to be affected, in income terms at least. The Lamont Budget also cut the basic tax rate on dividends to 20 per cent, which ensured that 25 per cent taxpayers came out even from the change. A similar measure would be likely if ACT was reduced to 15 per cent. But basic-rate taxpayers might still get a capital hit.

One key valuation measure for the stock market is the gross dividend yield. That would fall automatically if the ACT tax change was implemented. At the moment, the FT-A All-Share index is yielding around 3.9 per cent, at an index level of 1,500. A change to 15 per cent ACT would reduce that yield to 3.65 per cent. But if investors were willing to hold shares at only a 3.9 per cent yield, the All-Share index would have to fall to 1,411.5, a drop of 5.9 per cent, to restore the status quo.

An ACT change might not happen. Governments often have "down a kite" about some major policy move in order to gauge public reaction. If that was hostile, the initiative could be withdrawn without loss of face.

Alternatively, a less stringent measure could be introduced in the belief that interest groups would be less forthright in their opposition because they were relieved the worst horrors had been avoided.

Nevertheless, unless the government explicitly rules out a change, expect the issue to gain greater prominence as the November Budget approaches. In the meantime, speculation about the change may further undermine sentiment in an already weak equity market.

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ABOVE: Type of apparatus likely to have been used by Morgan, who proved Mendel's findings.

BELOW: Katherine and Jessica, identical twins. What genes do they share?

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## FINANCE AND THE FAMILY

# Watch those Pep charges

Fourth in Anthony Bailey's series on the true costs of investing

Investors should be wary of placing too much emphasis on the costs of investing. Other factors, such as the quality and record of a fund manager or the administrative efficiency of a broker, can be equally or more important.

When it comes to personal equity plans, however, it is important to pay extra attention to costs. How do they measure up against the gain from Pepping an investment? namely, the tax-saving? There is no point in investing in a tax shelter if the cost of doing so exceeds the benefit.

**■ "Charge-free" Peps**  
What this actually means is that all you pay are the charges on the underlying unit trust. In fact, there are no specific Pep charges levied on the great bulk of Pepped funds. This is because most Pepped money is invested in unit trusts. With few exceptions, unit trust managers allow investors to Pep their funds at no extra cost, although they will have the usual underlying unit trust costs.

The case for Pepping is strong with charge-free Peps. Even non-taxpayers can benefit because they avoid the bother of having to re-claim tax and can re-invest gross dividends. There are, though, a few caveats. You will not normally be able to mix funds from different managers within the same Pep. And you are likely to have to pay a transfer fee if you decide to switch to another manager.

You will also need to decide if your chosen unit trusts are the most suitable investment to Pep. That could depend on whether you expect greater growth or higher dividends from other bits of your portfolio.

**■ Reduced charges**  
Recent developments in the unit trust market have actually made Pep investing cheaper. Fidelity levies a 2 per

cent initial charge on its unit trusts placed in a Fidelity Pep. That is a saving of 3.25 per cent on the normal charge, and means the eventual pay-out will be increased by 3.25 per cent. There is, though, an exit charge in the first three years. M&G's Managed Income Pep has no initial charge, boosting the final pay-out by 5.5 per cent. Exit charges are levied in the first five years. Likewise, Guinness Flight, Gartmore and Schroders are among fund managers who have made investing in a Pep cheaper than investing outside one.

**■ When charges hit**  
Charge-free Peps are not for everyone, though. Active investors who tend to buy and sell a range of unit and investment trusts, and those who prefer to put their money directly into shares, inevitably incur charges.

The main ones are the initial and annual charges. Where these are levied, they may be flat rate or percentage-based. You might be looking at an initial charge of £30 to £75, or up to 5 per cent of your investment. Annual charges may be a flat £20 to £80 but, more typically, are 1 to 1.5 per cent of the capital value.

In addition to the main charges, there are other costs. Fees of up to £50 to attend an annual general meeting are not uncommon.

Other charges may be more significant. A fee of £10, £25 or 1 per cent for taking cash out of a Pep will not suit investors planning on a regular income. Fees of £20 to £50, or perhaps £10 per holding, for transferring to another plan manager could also bite.

**■ Choosing on cost**  
Some fees charged by some plan managers seem excessive and can be avoided easily by taking your custom elsewhere. Nevertheless, choosing between different charging structures is not easy. A fee to cover the cost of



COST CHECK	
Service charge	Cost
Initial charge	£30 to £75
Annual charge	£20 to £80 or 1 to 1.5%
Dividend charge	£20 to £50
Cash withdrawals	£20 to £50
Transfers out	£20 to £50
Closing a plan	£20 to £50
Attending AGM	£50
Research company reports	£10 to £25
Share dealing commission	£10 to £25
Buying and selling unit trusts	£10 to £25
Unit trust switching discount	£10 to £25
Interest rate on cash held	£10 to £25
Loss of shareholders' perks?	£10 to £25

although this does not apply to a broker's dealing charge.

**■ Cost/tax benefit analysis**  
When it comes to personal equity plans with charges, the case for Peps is not clear-cut. They are a must for investors who pay higher-rate tax and those whose portfolio is big enough to generate a capital gain of more than the annual 25,800 capital gains tax exemption.

Basic-rate taxpayers with small portfolios will need to do some sums, though. A small portfolio could well grow sufficiently to hit the capital gains tax net, so Pepping could make sense.

But a cheaper way to protect against CGT could be to bed and breakfast enough investments each year - that is, selling late one day and buying back early the next - so that, eventually, you can bed and breakfast them into a Pep once the portfolio has grown enough.

As for the income tax saving, one way of measuring this is to compare the expected yield with the annual percentage charge. Basic-rate taxpayers should multiply the annual percentage charge (before adding on VAT) by 5.875. Higher rate taxpayers should do the same, then divide the answer by 2.

The resulting figure must match the yield for the income tax saving simply to pay for the baggage cost. Thus, an 0.5 per cent charge has a break-even yield of 2.94 per cent for a basic-rate taxpayer and 1.47 per cent for a higher-rate taxpayer. The break-even yields for a 1.5 per cent annual charge would be 3.81 and 4.41 per cent respectively.

# A saver for travellers

Bethan Hutton finds annual insurance policies can offer good value

If you throw away automatically all the glossy leaflets that fall out of the envelope with your bank and credit card statements each month, for once you could actually miss something useful. Your bank, building society or card issuer might have been touting an annual travel insurance policy which could save you time and money.

With single-trip insurance, a couple spending a week skiing and a two-week summer holiday in Europe each year would be lucky to spend less than £100 to cover both.

Once children, weekend breaks, business trips and holidays outside Europe enter the picture, the attractions of an all-inclusive family policy for as little as £108 become clear.

Annual policies usually provide cover for an unlimited number of overseas trips and their convenience and cost-effectiveness have been strong factors in their growing appeal. But another reason could be the increasingly common habit of taking more frequent holidays abroad, particularly short breaks.

Most of the clearing banks and large building societies now have own-brand policies, as do several specialist travel insurers: American Express, the travel club Woxos, and health insurer BUPA. Insurance broker Towry Law is the latest to join the crowd.

A lucky few consumers may have annual travel insurance already. Some gold cards include it in their high annual fee while Clinicae has travel insurance as part of its private medical cover.

Recent policy launches are showing a tendency towards greater sophistication, not to mention complication.

You can now opt for budget, standard or deluxe cover; reduce premiums by going for a high excess or ruling out trips to North America; opt out of baggage cover; choose higher or lower cancellation limits; and so on. Some policies even offer overseas motor breakdown insurance as an optional extra.

The numerous quirks and options available mean that it is well worth shopping around to find the most appropriate



deal for your own circumstances. Unfortunately, some of the better-value schemes have limited availability.

Midland's policy is available only to its credit card-holders and a more or less identical policy is available only to First Direct customers.

With some of the cheaper policies, watch out for an overall limit on the amount of time you spend abroad each year. If there is one, it is usually 100 days or more.

This should not create any difficulty for the average working person but could be a problem if, say, you have a house in France or Spain and spend a lot of time there.

All the policies have time limits per trip (to stop them being used by expatriates returning to the UK once or twice a year); these range from one to three months.

Should your home contents policy already cover your luggage and personal possessions, insurers such as Bradford & Bingley, National & Provincial, Lloyds Bank, Towry Law and Frizzell offer premiums 15 to 30 per cent lower if you opt out of baggage cover.

Skiers should be aware that some policies exclude winter sports, although most cover up to 17 days' skiing a year automatically while the Midland

## Annual Travel Insurance

	Single	Family
Amerx	£130	£179
Barclays	£38	£126
BUPA	£130	£185
Bank & Bldg	£75	£209
Columbus	£79	£131
Thomas Cook	£125	£270
Co-op	£80	£149
Crispin Speers*	£140	£210
First Direct	£75	£109
Frizzell	£112	£298
Gen. Accident	£78	£152
Halifax	£90	£125
Lloyds	£95	£126
Midland	£75	£109
Nat. & Prov.	£75	£250
Towry Law	£35	£155
TSB	£95	£150

\* Premiums quoted are for worldwide cover; bear in mind that some insurers only provide "Family" cover for two adults and at least two children.

and First Direct policies set no limit on skiing holidays. Devotees of other sports should ask specifically if they are covered. Likewise, business travellers should check that their chosen policy also is valid for business travel.

The Halifax, for example, excludes business travel altogether while the Bradford & Bingley charges an extra £24.50 to extend the policy for unlimited business trips.

Older travellers may have difficulty finding an annual policy as many insurers impose an age limit for annual cover of 60 or 65. Indeed, some

refuse customers older than this, and others charge substantially more.

Towry Law has an age limit of 71 for its standard rates while Bradford & Bingley charges £130 for over-65s.

Some insurers let you choose if you want a partner and children to be able to travel separately from the main person insured. The Crispin Speers family premium quoted in the table covers a spouse and up to three children for travel with or without the first person insured, but £25 less buys cover if they only ever travel as a family group.

It is always worth reading the small print, preferably before you sign up for the policy - although it can be surprisingly difficult to get hold of full policy details before you make up your mind.

A keen-eyed reader could discover, for instance, that Columbus will not cover cancellation costs if you lose your job - but will cover delays due to acts of terrorism.

In general, areas to check particularly carefully include excesses, limits on individual items and money, and overall limits for cancellation costs. Also, you should let the insurer know if you have any medical problems; otherwise, you could find it will refuse to pay up if you become ill on holiday.

# Pensions with a hidden twist

Debbie Harrison on group plans that may not be what they seem

When you sign up for a company pension scheme, it is tempting to assume that the employer will see you right. But under a group personal pension (GPP) - now the fastest-growing company pension arrangement - the employer does not have to take any responsibility whatever. Nor does he have to pay a penny.

Since 1988, when GPPs first became available, life offices have marketed them as the cheapest alternative to traditional pension schemes. Certainly, a well-funded GPP can provide excellent benefits. At their most basic, however, these group plans offer a sub-subsistence-level pension based on a rebate of National Insurance contributions.

Moreover, GPPs claim to offer flexibility and portability to younger employees who are likely to change jobs. What providers often fail to point out is that a typical regular contribution contract is completely inflexible, while portability is available only at a price.

A GPP actually is a collection of individual "money purchase" personal pensions selected by an employer. Unlike traditional final-salary schemes, which link the value of the pension to the employee's salary at retirement, the investment risk rests with the employee under a GPP.

Contributions are invested to provide an individual pot of money at retirement; this is used to buy an annuity. The level of annuity income depends on investment returns and the provider's charges, among other factors.

The main point to remember with a GPP is that although the employer selects the plan, the onus lies with the employee to decide whether it is a suitable investment. Clearly, then, it is important to find out what benefits you are likely to get and whether you need to boost your contributions to provide a better pension.

The following questions apply to most group money purchase arrangements, not just GPPs.

**■ How was the provider selected?**  
The employer should receive advice on a fee basis from an independent consultant, rather than from a commission-based salesman or adviser. This ensures that the selection is free from bias, and that competitive plans are considered from low commission and non-commission-paying providers. It means also that the

employer has paid for the cost of advice. If he does not pay, the provider will deduct these costs from your early premiums.

**■ What are the provider's credentials?**  
If the adviser has done a thorough job, he will have checked the provider's financial strength, administration facilities, investment options and past performance. Information on performance should come from an independent source, either the adviser's own research or from independent surveys such as those published in such FT group magazines as *Pensions Management* and *Money Management*.

Several direct sales organisations do not take part in these surveys; if the provider is one of these, you should ask why. They may well say that, since they do not sell through independent advisers, the surveys are irrelevant.

Often, though, the real answer is that they have a combination of poor performance and high charges and, therefore, are not competitive.

**■ What are the charges?**  
The level of charges will have a significant impact on the final return. The adviser should be able to explain what the charges are, how they compare with those of competitors, and if the employer has negotiated reductions for economies of scale and contribution collection.

If your employer does not check for flexibility, you could be locked in to regular payments until expected retirement date. If payments stop, particularly in the early years, most of your contributions will disappear in the provider's administration costs and the adviser's commission payments.

**■ What happens when I change jobs?**  
This follows on from the last point. In theory, you can take your personal pension with you from job to job. In practice, if you have a commission-based regular premium plan, you will incur a penalty when

payments are reduced or stopped.

If your new employer offers a good company pension scheme, then almost certainly you should join to benefit from the employer contributions, the guaranteed pension, and other family protection benefits. By law, however, you cannot be a member of a company scheme and maintain payments to a personal plan.

Some providers allow clients to re-direct personal pension payments to a free-standing

**How much should you pay to the group personal pension?**

Age	Total annual contrib*
25	15%
35	17%
45	18%
55	20%
60	21%

\* Estimated contributions required to match a typical final salary scheme where one-third of total salary is earned for each year of service. The figure assumes 8 per cent per annum investment return, 7 per cent per annum salary growth, 4.5 per cent per annum pension increases and 50 per cent spouse's death after retirement pension. No explicit allowance has been made for the effect of the provider's charges which could reduce the investment return by 0.5 per cent. Source: *Wellscore*

additional voluntary contribution (FSAVC) plan, which is used to top up company pension benefits.

This arrangement is fine if the employee can afford to keep up the company pension and FSAVC payments. But many younger people cannot afford this luxury and, even if they could, the employer's AVC scheme might offer better value than the individual FSAVC plan.

Those who become self-employed can continue their personal pension plan, although there might be a penalty for short contribution gaps if initial cash flow is poor. The unemployed may be covered for a short period by a "waiver of premium" clause in the contract but the long-term unemployed will have to drop out as they will have no earnings on which to base contributions.

Given the unpredictability of career patterns, the only way to guarantee complete flexibility is to avoid regular contribu-

tion contracts unless they are on a nil-commission basis. If you have to pay commission, opt for a recurring single-premium plan which avoids the heavy up-front charges.

**■ Is the plan contracted out of Serps?**

If you are sold an "appropriate" personal pension plan, you will contract out of the state earnings-related pension scheme (Serps). In return, the Department of Social Security (DSS) will send to the plan provider a rebate of your own and your employer's National Insurance contributions.

A decision to opt out of Serps should be made each year and will depend on your age and salary. As a rough guide, if you are a man under 40 or a woman under 35 and earn at least £5,500 a year, you should consider opting out. Otherwise, stay in Serps because it is likely to provide better benefits than the personal pension.

**■ The contributions**  
The reason most group personal pensions do not provide good benefits is that the amounts invested are too small. Whether you opt out or stay in Serps, it is essential to pay additional premiums in order to build up a decent pension.

Under a personal plan, the combined employee and employer contribution must not exceed 17.5 per cent of earnings (more for older employees but there are restrictions for high earners). Where the employer does make a contribution, this is likely to be about 3 per cent. But most pay nothing at all.

Compare this with the level of contributions needed to match the benefits provided by a good final-salary scheme and you can see why GPPs are attractive to the more cost-conscious employers (see table).

**■ Life assurance**  
Find out if there is any life assurance linked to the plan and who is paying for it. A close examination often reveals that it is not the employer who pays; instead, premiums are deducted from employees' contributions.

**■ Caveat emptor**  
The fact that your employer offers a GPP should not deter you from scrutinising the provider's terms and conditions in the same way you would for an individual plan.

Whether you get value for money depends, above all, on the quality of your employer's research and the depth of his pocket.

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\* Source for all figures: Monks Annual Report announcement 1994.



## FINANCE AND THE FAMILY

## Why equalisation needs indexing

I have read with interest the recent articles on capital gains tax in the *Weekend FT*. In the case of unit trusts, it is stated that equalisation should be regarded as a repayment of capital.

But as this repayment does not occur until up to six months after the initial investment, at the time of the first dividend, presumably the equalisation itself needs indexing from the time of repayment and not from the time of the initial investment?

■ Yes, you are right. By virtue of section 99 of the Taxation of Chargeable Gains Act 1992, units in an authorised unit trust are treated as if they were shares in a UK company.

Consequently, equalisation payments are treated as if they were capital distributions in respect of shares, and the receipt of an equalisation payment is deemed to be the occasion of a part disposal of the units by virtue of section 122(1) of the Act.

As the equalisation payment will, in practice, always be "small", as compared with the value of the (units) in respect of which it is distributed, however, section 122(2) authorises the unit-holder's tax inspector to direct that "(a) the occasion of the capital distribution shall not be treated for the purposes of this act as a disposal of the asset, and (b) the amount distributed shall be deducted from any expenditure allowable under this act as a deduction in computing a gain or loss on the disposal of the (units) by the person receiving or becoming entitled to receive the distribution of capital".

If, by chance, your tax inspector declines to give a direction under section 122(2) in respect of any particular equalisation payment, then section 122(3) gives you the right to "appeal to the commissioners having jurisdiction on

an appeal against an assessment to tax in respect of a gain accruing on the disposal".

For equalisation payments made before April 6 1985, there are complex indexation rules (re-enacted in section 57 of the 1992 act [Receipts which are not treated as disposals but affect relevant allowable expenditure], which are quite different from those for later payments).

For current payments (and those made in 1985-86 onwards), section 110(3)(d) simply says: "Whenever an operative event occurs... if the operative event results in a reduction in the qualifying expenditure but is not a disposal, the same reduction shall be made to the indexed pool of expenditure."

We shall be happy to explain the oddities of section 57 and its predecessor, if need be - but we hesitate to burden you with a reply even longer than this one is already.

## Shares in Guernsey

A Guernsey resident, non-domiciled for UK tax purposes, has a portfolio of UK company shares registered in a Guernsey nominee company. Does this afford any protection against liability to UK inheritance tax?

■ Assuming the shares are registered on a UK register, a liability to UK inheritance tax arises since the determining factor is the beneficial and not the legal ownership.

Even if assets remain liable to UHT, there is a £100,000 nil rate band which is available to UK and non-UK domiciled individuals alike; therefore, any transfers of up to this amount will not suffer a UK inheritance tax charge.

If the value exceeds this figure, you might wish to consider transferring the beneficial ownership of the shares to a Guernsey company. (Answer by Barry Stillerman of *Stey Hayward*.)

## Q&amp;A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the accuracy of the answers. All enquiries will be answered by post as soon as possible.

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If the value exceeds this figure, you might wish to consider transferring the beneficial ownership of the shares to a Guernsey company. (Answer by Barry Stillerman of *Stey Hayward*.)

## Magnet loses attraction

On going through my investments, I find I am the holder of 300 "non-voting A convertible shares" in Magnet Group plc. These were issued in July 1989 and I think were related to the management buy-out that occurred at that time. They are worth anything or should I consign them to the dustbin?

Under section 278 ICTA 1988,

Our investigation shows that Magnet Group changed its name to Airedale but that these shares are now worthless and, therefore, available to you only as a loss to offset against gains elsewhere. (Answer by Murray Johnstone Personal Asset Management.)

## Personal allowances

My daughter is a British subject, resident in the US since about 1987. She has very little income there but £8,000 a year gross income in the UK - mostly income from rents - on which she pays UK income tax.

On two occasions, I have asked the inspector of taxes if she could claim personal allowances. He replied that, as she was resident outside the UK, she did not qualify for UK personal reliefs.

Some months ago, however, Barry Stillerman wrote in answer to a reader's letter that "British citizens, no matter where they live... are entitled to their annual personal allowance for income tax". Have I misunderstood his reply or is my daughter's inspector wrong?

■ Under section 256 of the Income and Corporation Taxes Act 1988 (ICTA 1988), any individual who both makes a claim to personal allowances and who satisfies certain conditions is entitled to UK personal allowances.

Under section 278 ICTA 1988,

personal allowances are limited to individuals who are resident in the UK unless that individual can satisfy the board of the Inland Revenue that they are a Commonwealth citizen, a citizen of the Republic of Ireland, or fall within other limited categories.

In addition, personal allowances sometimes are available to citizens of other countries under the terms of a double tax treaty.

Assuming your daughter is still a British citizen, I suggest that she completes form FS123 and forwards it to her inspector of taxes quoting the provisions of section 278 ICTA 1988. (Answer by Barry Stillerman.)

## No tax on these deals

I am neither resident nor domiciled in the UK. Are any of the following transactions subject to UK tax?

1. Shares bought outside Britain and later sold there.

2. Shares bought in the UK and later sold there.

3. Shares bought in the UK and later sold elsewhere.

Would any of the rules be different depending on whether there are gains or losses on the transactions?

■ As you are neither resident nor ordinarily resident in the UK (and presumably are not a Lloyd's underwriter or engaged in any trade, profession or vocation in the UK), the answer to each of your questions is no.

You might like to write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London WC2R 1LB, for a copy of the free booklet IR20 (Residents and non-residents: liability to tax in the UK).

## Separate exemptions

Under the inheritance tax/capital gains tax legislation, are husbands and wives each allowed to make gifts of £3,000 a year free of liability to tax, or is this amount to be shared between them?

■ Both the £3,000 annual exemption for inheritance tax and the £5,000 annual exemption for capital gains tax apply to each person: there is no sharing of relief between husband and wife. Ask your tax office for the free leaflet CGT14 (Capital gains tax: an introduction).

## CGT and the Revenue

The Inland Revenue's promised revision of its concession on assets of negligible value in relation to capital gains tax was published this week, writes Maurice Parry-Wingfield, of accountants Touche Ross.

The purpose of making a claim for negligible value is normally to crystallise (for CGT purposes) a loss which may then be set against liability on other gains.

The concession allows the taxpayer some flexibility in choosing the most useful tax year in which to make the claim - but with the caveat that the choice should not allow him to get more indexation allowance than the £10,000 transitional relief announced in April.

A negligible value claim made after November 29 1993 (Budget day) might still be backdated to an earlier time when the asset had a negligible value. But the indexation allowance up to the date of that deemed disposal can be

NEGLECTIBLE VALUE CLAIMS				
(£000)	Deemed disposal			
	1993/94	1994/95	1993/94	1994/95
Gains in year	15.0	25.0	15.0	25.0
Loss on deemed disposal	(10.0)			(10.0)
Indexation	(2.0)			(2.5)
	3.0			12.5
Other losses (93/94 only)	(7.0)		(7.0)	
Losses c/f and b/f	(4.0)	(4.0)		
Annual exemption	(5.8)	(5.8)	(5.8)	(5.8)
Taxable	15.2	2.2	6.7	6.7

Tax saving through net reliefs back (15.2-2.2+2.5-6.7) = 8.8  
\* Including second indexation allowance which can only be used in 1994-1995 Source: Touche Ross

relieved - up to the aggregate of the £10,000 transitional relief announced previously - only in 1993/94 and 1994/95.

In order to take advantage of the transitional relief, the negligible value claim must be made by April 5 1995. Whether it should be backdated, so as to give rise to an earlier deemed disposal, will depend upon the individual's mix of gains and losses on other assets, losses brought forward, and annual exemption.

The table provides an example of an asset that became of negligible value on June 1 1993 and for which a negligible value claim is submitted on April 1 1995. In this case, the claim should not be backdated because a year's annual exemption would be forfeited - and the indexation reduced.

\*Extra-statutory concession D28

## Annuities

## LATEST ANNUITY RATES

Level annuity			
Male age 55	Female age 50	Male age 50	Female age 45
Months movement +3.9%	Months movement +2.6%	Months movement +2.6%	Months movement +2.6%
Equitable Life	£9,897.00	London & Manchester	£9,721.96
Canada Life	£9,729.80	Scottish Widows	£9,890.04
Prudential	£9,854.98	Prudential	£9,877.82
Male age 60	Female age 55	Male age 55	Female age 50
Months movement +3.5%	Months movement +3.2%	Months movement +3.2%	Months movement +3.2%
Equitable Life	£10,815.00	London & Manchester	£9,762.00
Canada Life	£10,600.82	Equitable Life	£9,723.72
London & Manchester	£10,500.00	Equitable Life	£9,630.00
Male age 70	Female age 65	Male age 65	Female age 60
Months movement +0.3%	Months movement +1.1%	Months movement +1.1%	Months movement +1.1%
Canada Life	£13,793.28	Canada Life	£11,832.00
Equitable Life	£13,783.04	Equitable Life	£11,832.00
RNFPN	£13,758.96	RNFPN	£11,825.88
Joint Life - 100% spouses benefit			
Male 60/Female 57	Female 60/Male 55	Male 65/Female 63	Female 60/Male 55
Months movement +3.0%	Months movement +3.2%	Months movement +3.2%	Months movement +3.2%
Canada Life	£8,866.20	London & Manchester	£9,527.04
London & Manchester	£8,822.04	Canada Life	£9,485.52
Prudential	£8,771.04	Prudential	£9,326.88

All payments are monthly in advance. Rates are as at 1 June 1994. Figures assume a purchase price of £100,000 and are shown gross. RNFPN annuities are available only to those in the nursing and allied professions. Figures supplied by the Annuity Bureau Limited, Enterprise House, 50/55 Upper Ground, London, SE1 8PQ. Tel: 071 620 4000

offered to the same man buyout the same annuity by 14.5 per cent over the same period, paying £10,180.08 a year as at June 1 compared with £8,890.08 on January 20.

Peter Quinton, Annuity Bureau

NEW UNIT TRUST LAUNCHES														
Manager (Telephone)	Target	Full	Swings	Charges	PEP	Minimum	Charges	PEP	Minimum	Charges	PEP	Special	Offer	Period
Goal	Yield	Yield	Yield	%	%	%	%	%	%	%	%	%	%	%
■ Portfolio Emerging Markets Fund	International growth	0	No	5.0*	1.2	No	1.000	n/a	n/a	n/a	n/a	£	30/5/94-17/6/94	
Portfolio is capitalising on the success of its top-performing Fund of Funds trust by applying the same principles to emerging markets.														
*Discounts for purchases of £25,000 plus on sliding scale. *Fixed initial price of 50p.														

NEW INVESTMENT TRUST LAUNCHES														
Manager (Telephone)	Target	Full	Swings	Charges	PEP	Minimum	Charges	PEP	Minimum	Charges	PEP	Special	Offer	Period
Goal	Yield	Yield	Yield	%	%	%	%	%	%	%	%	%	%	%
■ Johnson Fry European Utilities	Smith New Court	Split Capital	No	30	6%	Yes	No	100p	n/a	3,000	0.8%	3,000	£30	16/5/94-7/6/94
Pan-European version of Johnson Fry's two high-yielding UK utilities trusts, launched last year														
■ Schroder Japan Growth Fund	Schroder Investment Management (0800 528335)	Smith New Court	Japan	1.5	100+	n/a	No	Yes	100p	95.5p	2,000	1%	n/a	7/6/94-30/6/94
General Japanese fund from the Schroder stable, which already runs several Japanese unit trusts														
■ The Murray Johnstone Acorn Trust launch has been postponed.														

HIGHEST RATES FOR YOUR MONEY									
Account		Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid			
INSTANT ACCESS A/c's									
Birmingham Midshires BS		First Class	0902 845700	Postal	£500	5.25%	Y/y		
Manchester BS		Money by Mail	061 839 5545	Postal	£1,000	6.00%	Y/y		
Birmingham Midshires BS		First Class	0902 845700	Postal	£25,000	6.85%	Y/y		
					£100,000	7.00%	Y/y		
NOTICE A/c's and BONDS									
City & Metropolitan BS		Super 60	081 464 0614	90 Day	£10,000	6.60%	Y/y		
Barclays BS		Index Linked	0538 391690	90 Day	£1,000	8.80%	Y/y		
Chelsea BS		Fixed Rate Bond	0800 272505	30.6.97	£10,000	7.80%F	Y/y		
Yorkshire BS		Fixed Rate Bond	0800 378836	30.6.98	£5,000	8.50%F	Y/y		
MONTHLY INTEREST									
Manchester BS		Money by Mail	061 839 5545	Postal	£5,000	5.84%	M/y		
Barclays BS		Index Linked	0538 391690	90 Day	£1,000	6.41%	M/y		
Chelsea BS		Base Rate Plus	0800 272505	1.3.95	£10,000	7.25%	M/y		
Yorkshire BS		Fixed Rate Bond	0800 378836	30.6.98	£5,000	8.20%F	M/y		
TESSAs (Tax Free)									
Confederation Bank		Investment Bond	0458 744500	5 Year	£8,800	8.00%F	Y/y		
Hinkley & Rugby BS		Investment Bond	0455 851234	5 Year	£3,000	7.35%	Y/y		
National Counties BS		Investment Bond	0372 742211	5 Year	£3,000	7.25%	Y/y		
Milton Mottram BS		Investment Bond	0664 63937	5 Year	£1	7.20%	Y/y		
HIGH INTEREST CHEQUE A/c's (Gross)									
Caledonian Bank		HICA	031 556 8235	Instant	£1	4.75%	Y/y		
UDT		Capital Plus	081 447 2438	Instant	£1,000	4.75%	O/y		
Chelsea BS		Classic Postal	0800 717515	Instant	£2,500	6.00%	Y/y		
					£25,000	6.25%	Y/y		
OFFSHORE ACCOUNTS (Gross)									
Woodward Guernsey Ltd		International	0481 715735	Instant	£500	5.75%	Y/y		
Confederation Bank (May)		Flexible Inv	0534 808060	90 Day	£25,000	8.80%	W/y		
Brianston Internat. Ltd		Index Linked	0624 628512	90 Day	£1,000	8.60%	Y/y		
Yorkshire Guernsey Ltd		Offshore Key	0481 710150	180 Day	£50,000	7.00%	Y/y		
GUARANTEED INCOME BONDS (Gross)									
Prosperity Life		0800 521546	1 Year	£15,000	4.45%F	Y/y			
Prosperity Life		0800 521546	2 Year	£15,000	5.80%F	Y/y			
Prosperity Life		0800 521546	3 Year	£15,000	6.30%F	Y/y			
NatWest Life		Local branch	5 Year	£5,000	6.75%F	Y/y			
Manulife Financial		0458 744514	5 Year	£50,000	7.45%F	Y/y			
NATIONAL SAVINGS A/c's & BONDS (Gross)									
Investment A/C		1 Month		£20	5.25%G	Y/y			
Income Bonds		3 Month		£2,000	6.50%G	M/y			
Capital Bonds H		0 Year		£100	7.25%F	OM			
First Option Bond		12 Month		£1,000	8.00%F	Y/y			
Pensioners GIB		5 Year		£500	7.00%F	M/y			
NAT SAVINGS CERTIFICATES (Tax Free)									
41st Issue		5 Year		£100	5.40%F	OM			
7th Index Linked		5 Year		£100	3.00%F	OM			
					+Index				
Childrens Bond F		5 Year		£25	7.35%F	OM			

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable). OM = Interest paid on maturity. N = Net Rate. P = By Post only. B = Feeder account also required. G = 5.75 per cent on £500 and above; 8 per cent on £25,000 and above. H = 6.75 per cent on £25,000 and above. L = 6.40







## HOW TO SPEND IT

## English restraint in Bond St

Caroline Charles tells Lucia van der Post about her latest shop

Something extraordinary is happening in Bond Street next week - a British designer is opening a shop. Here in the street where the big international names such as Versace and Chanel, St Laurent and Hermès have their flagship stores British designer Caroline Charles has decided to open up for business.

One is tempted to ask if she is entirely right in the head - this, after all, is the street

where Pierre Cardin, Etienne Aigner, Chaudet and Beyer-Christiansen came to grief. But Charles smiles serenely and says that she is "quite, quite sure that it is time to open in another area of London."

"We were on a roll, you see," she tells me. "The Beauchamp Place shop is a success, the licences in Japan are doing well, the business has until now been totally owned by me but I found I could borrow money from the City to expand and when I found the shop in Bond Street that seemed the perfect answer."

Indeed she may be right - later in the year Calvin Klein, Donna Karan, Joseph and several other fashion luminaries will be opening in Bond Street, suggesting a kind of collective vote of confidence in the revival of the street's fortunes.

Charles is a quintessentially English designer and her success, as she acknowledges, is founded on understanding perfectly the world the English woman moves in. She understands the grand occasion clothes the season calls for as well as the English preference for refinement and restraint. Her clothes are, above all, ladylike.

"Anybody who has to launch a ship, sing at Bayreuth, get married or make a public speech could be a customer of mine," she tells me. "We make clothes that stand up well to public scrutiny and I am absolutely obsessed with making sure the clothes work. I like to make the basic lines in plain fabrics that don't get noticed too much and then they can be mixed with embroideries and special weavings, what I call collectables. All the time I tell the design team to check - are they warm enough if it is for Glyndebourne, can they move their arms properly in that sleeve, will the skirt deal with a windy day?"

She has been providing these special clothes in her own quiet way ever since 1983 when she showed her first collection in her tiny flat and both Woolands (the chic Knightsbridge store which today is Harvey Nichols) and Harrods decided they had to have it.

"You couldn't begin to call it a show," she says. "We could hardly afford a hanger, let alone a show. I used to get my hangers from Sketchley and buy my labels from Harrods which I would then rush back to sew in before delivering the clothes back to Harrods."

"It was incredibly lucky timing - Mary Quant had beaten a great path and a little group of



Caroline Charles

us were able to follow. We swung along through the 1980s, all short and sharp and then we moved into slightly hippy but very beautiful embroidered Lebanese inspired clothes, then into gipsyish boots and petticoats.

"We got another boost when oil brought the Arabs to London and they liked our sequins and embroideries but it wasn't until the 1990s that I finally got the courage to open my own shop in Beauchamp Place. It was absolute heaven to have my own clothes hanging up as I chose."

It was not long before she realised that many of her customers wanted a total service.

"If you buy here," says Charles, "not only will we make sure the dress or outfit fits (there are alterations experts on the premises at both shops) but we will trim your hat, find you a pair of shoes, give you a cup-of-tea and even find something as small as a handkerchief."

The new shop manages to be both intimate and grand. There are the trademark cream and black interior, spacious changing-rooms, helpful assistants and there on the rails, the hallmarks of the Caroline Charles style - an investment evening dress on a hanger there, a discreet navy suit that would go from school-run to cocktail party taking in the boardroom in between.

There is lots of her favourite wool crepe ("perfect for the English climate"), soft, floppy skirts, lean waistcoats, very plain and simple wide trousers and a palette that is mainly cream and black, ivory and honey and maize.

Anyone still dithering about how to dress for the occasions that make up the English season could do worse than look at the new shop at 170 New Bond Street, London W1.

## Tiny golden chimes

Lucia van der Post listens to a £100,000 wristwatch

The world of horology is not one with which I am overly familiar, largely for the extremely good reason that developing an interest in fine watches seems like a hobby I cannot afford. I already have more than enough expensive hobbies to keep my bank manager irritable.

But not everybody, fortunately for the (mainly) Swiss watch industry, thinks like me. There is, it seems, a thriving clutch of collectors who are enamoured of horology and who have the funds the hobby requires (and believe me as funds go this is well into the polo-playing, yacht-owning class).

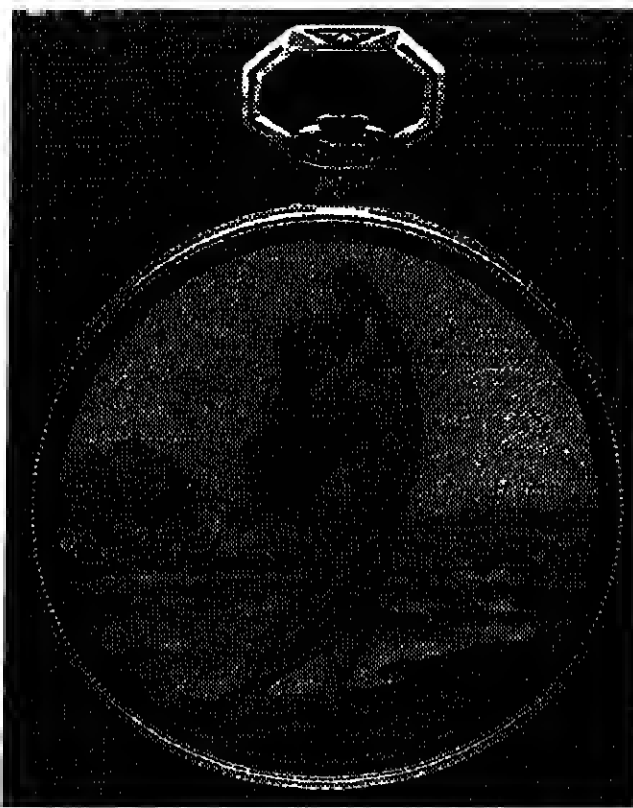
Indeed, so convinced is Asprey of the market for these rarified pieces that it is next week launching what it calls a "world first" - a Grande Sonnerie wristwatch made by Audemars Piguet.

If you are new to these things you may be wondering exactly what a Grande Sonnerie wristwatch is. It is a watch that strikes the hour and the quarter every quarter hour while it set to petit sonnerie it strikes just the hour on the hour. In addition it has a quarter repeater so that at any time the hour and the quarter can be struck by simply pressing a button. It can also, those who believe in sleeping quietly, will be happy to hear, be set to be silent.

Not, of course, that these watches get worn a great deal. Most of them reside in drawers or fancy cabinets for, as Asprey points out, "the sort of people who will buy this watch are bound to have several others and certainly never wear a single model all the time."

In this rarified world one can spend thousands and thousands of pounds on a watch and then let it pass much of its life between velvet pads, which I suppose, is much the same as happens to expensive jewels.

There is, however, real technical achievement behind this watch - until now all the Grande Sonnerie features have only been found in a few pocket-watches and it has taken four years to develop the miniaturisation of so many compli-



Rare 1916 enamelled gold pocket watch with ultra-thin movement



The Grande Sonnerie wristwatch

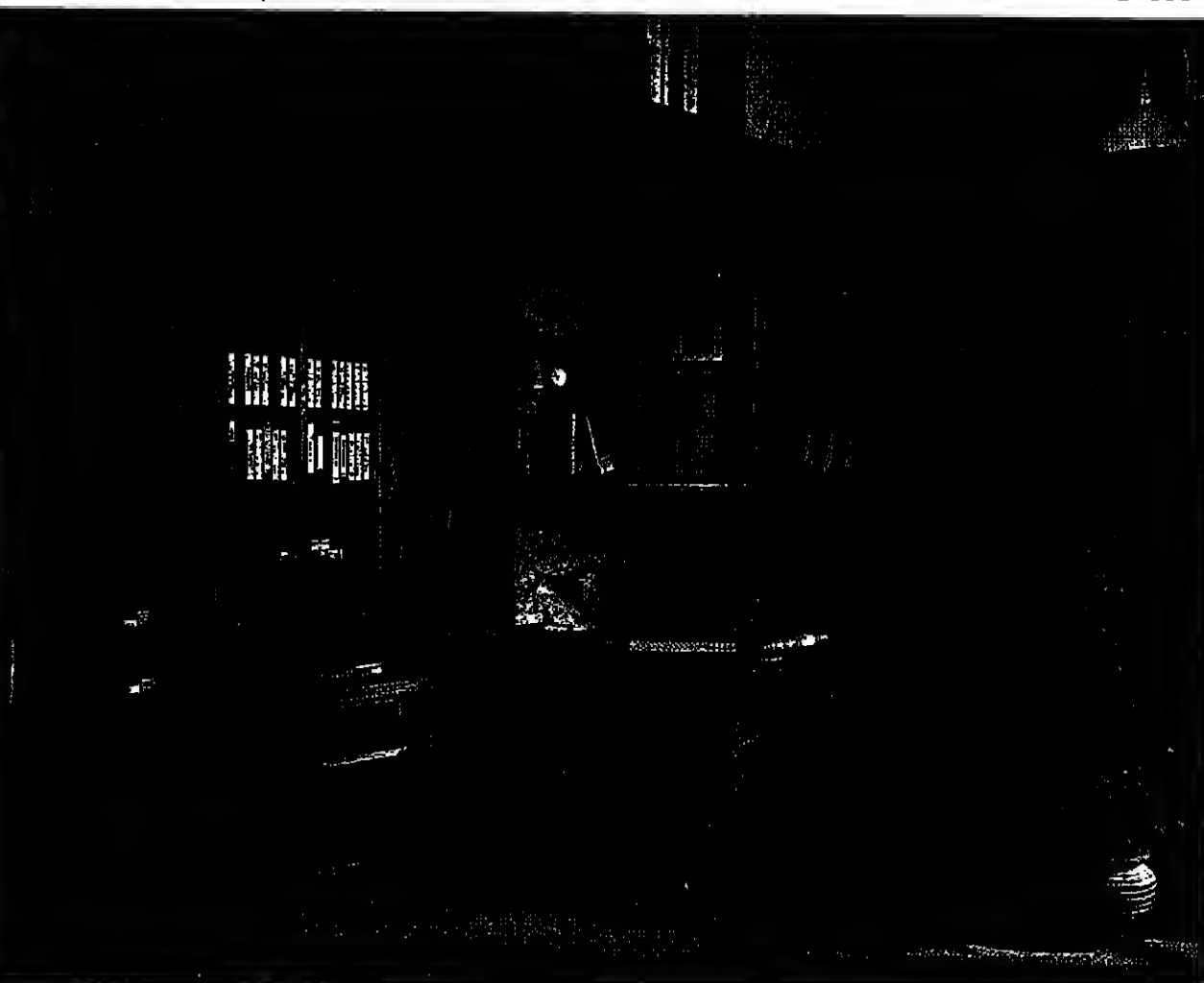
could pass almost unnoticed in all but the most horologically sophisticated of company.

For most of us, of course, these sums are mere doodles on a page but Audemars Piguet does have a few more accessible treats. For instance its offers the ultimate sturdy stainless steel sports watch, what it calls its Royal Oak model, for just £3,000 and to celebrate the launching of the Grande Sonnerie wristwatch it has brought some of its most original and beautiful museum pieces to Asprey at 165-169 New Bond Street, London W1 where they can be seen and admired.

A few special pieces will be for sale and a master watchmaker from the Audemars Piguet workshop will be showing what precision watchmaking is all about.

The Grande Sonnerie wristwatch has to be ordered - each one takes many months to make - and the exhibition runs from June 8 to Saturday June 18.

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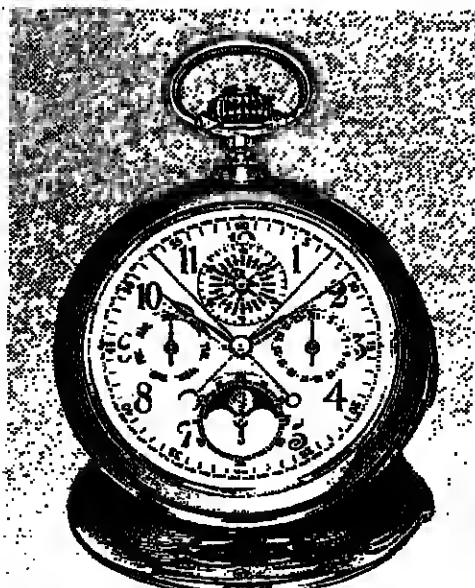
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## EXHIBITION

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You are invited to view the important Private Museum Collection of Audemars Piguet being brought to England for the first time to mark the World Launch of the "Grande Sonnerie" wrist watch exclusively at Asprey

WEDNESDAY 8TH - SATURDAY 18TH JUNE 1994

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The complete Audemars Piguet contemporary collection will be on view and available for sale



Asprey

New Bond Street, London  
071-491 6767

## A shopper's mailing list

If you have ever longed to get hold of yukatas from Tokyo, puppets from Bangkok, a bureau from Portugal or even just fishing rods from Nottingham but seem unlikely to make it there in person then Richard McBrien's book *The Global Shopper* is the book for you.

He starts with the boring but essential bits - how to order, what to do about customs and VAT and cards and bank drafts, as well as looking out for guarantees and pitfalls, all those vital bits of information that mail order fans so often forget about when they first pick up catalogue and pen.

Then McBrien moves on to the more interesting bits for the shopaholics of this world - where to track down the best jeans, suits from Italy, camcorders or antiques from Hong Kong, contact lenses from California. It contains lots of useful indices and all for £9.99.

Global Shopper, published by Headline Books, 404 pages, £9.99.

L v d P

## BUYING ORIENTAL RUGS?

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## FASHION

# Through the looking glass

*This year's prime Ascot accessory could well be a raincoat. But, whatever the weather, Avril Groom knows the unwritten dress rules for the big occasion*

If your only experience of Ascot is distilled through the lenses of the paparazzi you could be forgiven for thinking it an event of almost unparalleled vulgarity and excess.

But those who go know that there always are wonderfully-dressed women at Ascot. They rarely attract the cameras, they wear quiet colours and flatteringly proportions and rigorously apply the "less is more" rule - only the simplest, plainest outfit can take a real statement of a hat.

If they break the Ascot rules, they do it so elegantly that no

one notices for the dress rules are unwritten, not engraved on tablets of stone.

According to Laura Thompson-Royds, of the Royal Enclosure office, women should wear "formal day dress with a hat covering the crown of the head" and "formal" is the keyword. Trousers are discouraged but not banned if part of a suit.

One of last year's most successful outfits was a plain, cream, crepe suit with wide, soft trousers that balanced a big straw platter hat scattered with flowers.

On short skirts the discretionary rules are frankly ageist. The young and lithe-limbed

would not and should not get away with it; the pudgy over-40s probably would (and should) not, on the valid grounds of suitability.

In the late 1980s an Ascot uniform evolved, of tailored jackets, straight skirts, bright colours and gilt buttons. It persisted right up until last year when only a few brave souls put an elegant toe into the misty waters of longline chiton and soft ruffles. This year the change is writ large in mainstream fashion and getting it right at Ascot - that is looking both soft and formal - requires some thought.

There are two main options. One, in spite of its suspect status, is the trouser suit as the easy alternative to both the long, soft skirt (hard to make look formal) and this year's very short length. The other is the short skirt in its new soft form. Both need careful accessorising to achieve the right degree of formality.

Trouser suits smack of casual or working clothes unless they are in a drape-like, luxurious fabric such as crepe, heavy silk or a high-quality viscose mix. A tailored jacket, short or long, and wide trousers is the dressiest option.

Hats with trousers are tricky. A simple, panama-based

Hair and make-up by HELEN BANNON for Bannons Hair Design of Hampton Hill

Pictures by BEN COSTER

style looks too sporty while a confection of veils and bows is too fussy. Patricia Underwood, the New York-based British designer whose simple, hand-stitched styles in soft, pliable straw (available from Browns and Harvey Nichols) are famed for their flattering effect, says the hat must always be "clothing driven." So choose the outfit first.

"With trousers I would suggest a brim that turns up to keep the eyeline up, and a structured style to go with the tailoring. It should be simple but adding self-coloured silk flowers makes it dressier," she says.

A top hat is one natural partner for trousers, but choose a lightweight style with a feminine trim to avoid the drag artiste look. Dressy shoes for trousers are not easy. Heels can look graceful with wide trousers but stilettos are inappropriate. Gucci's new block-heeled loafer with squared-off toe gets it right.

The new short skirt, a youthful A-line, looks most formal not as a skirt at all but as a dress with matching jacket or coat - a look long overdue for a comeback. Shapes vary from Ben de Lisi's bias-cut soft fluted version to Catherine Walker's sleek line.

Dead straight skirts look dated but the less fullness there is the less likely you are



Beige frogged wool jacket, from £1100, sleeveless dress, £485, both to order by Catherine Walker for the Chelsea Design Company, Sydney Street, SW3. Leghorn straw hat, £295 to order from Philip Treacy, Elizabeth Street, W1. Brown grosgrain handbag, £190 from Anya Hindmarch, Wicket Street, SW3. Gold earrings with diamonds, rubies and tanzanites, £2750 from Theo Fennell, Fulham Road, SW3. Just visible in the picture are hold up stockings £14, £10.99 from Selfridges, Oxford Street, W1

to emulate the woman who failed to interest the photographers until the wind lifted her huge hat and her full skirt skywards and simultaneously every shutter clicked.

Hardy Amies, an old hand at

dressing chilly English occasions, puts short puffed sleeves on a pretty dress in lightweight tweed, but the sleeveless or slip dress is a hot favourite which can slide over a silk T-shirt or would pass



Pale yellow wool tweed dress and jacket to order from Hardy Amies, Savile Row, W1 (costume from £2000). Silk chignon scarf, £85 from Caroline Charles. Straw hat, £250 from Herald and Heart, St Philip Street, SW8. Gold earrings, £1875, from Cartier

Men's outfit, £860 from Hackett, Jermyn Street, SW1

muster alone on a hot day whereas an off-the-shoulder style would not.

This year's prime Ascot accessory could well be a raincoat and Aquascutum have caught the dressy mood with swingy styles in silk or microfibre and fondant shades.

Only a pessimist chooses her hat to match her raincoat: for a dress and jacket, says Patricia Underwood, "check the shoulderline carefully as some of the new shapes are cut very narrowly and need a smaller hat. A see-through brim goes with the feeling of lightness."

Philip Treacy's banana-straw hats fulfil this brief, some seeming to defy gravity.

But even an Ascot hat, says Patricia, "should be useful as well as looking good." This is true of the whole outfit. For Ascot also read weddings, garden parties, school speech days and big summer occasions. If the outfit you are considering will not pay its way at all of those, then I am afraid it is back to the drawing board.



Ivory silk crepe suit, £215, patent shoes, £125, all from Gucci, Old Bond Street, W1 and Sloane Street, SW1. Banana fibre hat, £550 to order from Philip Treacy



Blue-grey viscose jacket, £420, matching trousers, £180, net scarf, £40, all from Caroline Charles, Beauchamp Place, SW3 and New Bond Street, W1. Straw top hat, £275 from Herbert Johnson. Diamond and pearl eardrums, £2500 from Cartier. Pearl necklace by Ten Thousand Things, £160 from Browns, South Molton Street, W1.

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Taupe jersey slip dress, £290, cream jacket, £250, by Ben de Lisi from A La Mode, Hens Crescent, SW1, Pollyanna of Barnsley and Alison Harrison of Cheltenham. Silk top hat, £195 from Herbert Johnson, New Bond Street, W1. Necklaces, £2100, from Cartier. Shoes, £150 from Stephane Kellars. Bag, £190 from Anya Hindmarch

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## FOOD AND DRINK

## British tea and torte

Nicholas Lander visits Betty's, which serves 2m cuppas a year

The waitress apologised profusely, although it was a tiny mistake, and smiled warmly. She was wearing a black skirt, starched white blouse, apron and alic band, and looked the embodiment of the Victorian maid.

But I was not on the set of television's *Upstairs Downstairs*, or in a plush London hotel. I was in Harrogate, Yorkshire, in what many consider to be the British tearoom - Betty's.

Taking tea is a peculiarly British custom. This is only partly due to the commercial success of British tea traders and their forays into India and China. Tea is universally popular because of its refreshing qualities and its versatility.

The story of Betty's is an interesting one. In the early 1900s Frederick Belmont, a young Swiss confectioner, arrived in London to make his fortune. He eventually found himself in Yorkshire and fell in love with the Dales. In 1919 he opened the first Betty's - the origin of its name is still unclear.

Belmont's timing was as good as his pâtisserie. Harrogate in the 1920s was booming but, until Betty's opened, there was nowhere for women to go unchaperoned. The tea room became a great success.

The surrounding countryside supplied its own baking traditions and the finest raw materials. Cream was so plentiful that it was served with tea until the 1930s when the switch

## TEA AROUND BRITAIN

Shells Cottage, Ambleside, Cumbria (tel: 05394-33 079).  
The Village Bakery, Melmerby, Cumbria (0768-861 515).  
The Canary, Bath (0225-424 946).  
Shepherds Tea Rooms, Chichester (0243-774 761).  
The Tea Shoppe, Dunster, Somerset (0843-821 304).  
The Polly Tea Rooms, Marlborough (0672-512 146).  
The Periwinkle Tea Rooms, Solihull Green, west Somerset.  
The Cake Table, Thaxted, Essex (0371-831 206).  
The Corner House Tea Room, Crickhowell, Wales (0873-810 234).

Many country house hotels offer a good afternoon tea but at Sharrow Bay, Ulswater, Cumbria (076-848 6301) and Gidleigh Park, Chagford, Devon (0847-432 367) the view is just as good.

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the refurbished Waldorf, WC2 (836 2400).  
the Capital SW3 (839 5177).  
and not forgetting Fortnum's Fountain, W1 (794 8080).  
Less fancy are Maison Bertaux, W1 (437 6007).  
Mikona cafe, SW1 (823 1289).  
branches of Pâtisserie Valerie W1 (935 8240).  
Soho, W1 (437 3466).  
and SW3 (823 9671).  
and Villandry W1 (224 3790).

to milk was made. Accordingly, the price of afternoon tea was reduced to six pence. An orchestra played during the tea.

Belmont secured the Swiss succession to his culinary empire when his nephew, Victor Wild, took over the business. In spite of its size, Betty's still remains a family affair. It employs 700 full and part time workers and, with the departure of chemicals manufacturer ICI, has become one of Harrogate's biggest employers.

Last year, the four Betty's tea rooms (the others are in York, Ilkley and Northallerton) served 1.5m customers with 200,000 cups of coffee and 2m cups of tea.

In the 1980s, Betty's took over its rivals, Taylor's, and runs this as a separate division which blends 570 tons of coffee a year and the Yorkshire Tea, of which 5m cups are drunk a day (Betty's also supplies, free of charge, tea to all the northern branches of the Women's Institute).

Betty's has flourished because of a refreshingly open

policy towards what it serves and whom it employs. In the bakery trays of continental pastries - Amadeus torte, strudels and slices of Venetian festival cake - are stacked next to vanilla slices, Yorkshire curd tarts and fat rascals, a cross between a scone and a rock bun, of which more than 500,000 are produced each year.

Yorkshire bakers and confectioners are sent to Richmond College in Lucerne, which accounts for the excellent quality of puff pastry and chocolate.

In Mike Riley, the company's young coffee buyer, they have a true, hard-working Yorkshireman. Riley rose through the ranks. He begins every day with a blind tasting of numerous teas and coffees - including those of his competitors. He enthuses about the different tastes of the Puerto Rico Yanco Selecto Peaberry coffee and the 1983 vintage St Helena coffee - of which he has bought the entire crop.

The quality of the tea and coffee is unquestionably high at Betty's but, in the main, people flock there for scones, cinnamon muffins, buttered pikelets, chocolate cream eclairs, hazelnut meringues...

As Julian Miller, training co-ordinator, put it: "If everybody round here decides to get health conscious we're in real trouble."

Betty's, 1 Parliament Street, Harrogate HG1 2QU. Tel: 0423-58746, also for postal orders.

## Appetisers/Jill James

One of the finest private wine cellars to come on the market is to be sold at Christie's on Thursday June 16. Some 18,000 bottles from the world's greatest wine estates, which have been assembled over 30 years by a private collector, are expected to fetch more than £1m.

Many of the wines are so rare they hardly ever appear at auction by bottle, let alone by the case. For example, there are seven cases of Chateau

Cheval Blanc 1947, one of the greatest clarets, and each case is expected to fetch between £200,000 to £300,000.

Other highlights of the cellar include: eight cases of Chateau La Mission Haut Brion 1945; seven cases of Chateau Mont-Rothschild 1952; eight cases of Hermitage La Chapelle 1961 and 16 cases of Gewurztraminer, Cuvée Anne Schlumberger 1976.

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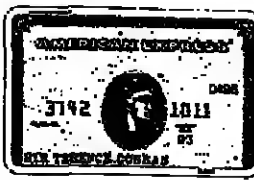
Everything stops for tea: tea break at a London factory, 1930. One of the many splendid illustrations from the definitive *The Book of Tea* (FFr 450, 256 pages) published by Flammarion, 26 Rue Racine, 75006 Paris.

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## PERSPECTIVES

Lunch with the FT

## Powerful, glamorous and beautiful

Michael Thompson-Noel entertains Janet Holmes à Court at a quiet little place...

How splendid life would be if one could lunch twice a week - or better, twice a day - with Janet Holmes à Court. At 50 she is rich, glamorous and beautiful. But she is also modest and unaffected to a degree that would be thought exaggerated in a plain woman.

We are sitting in San Moritz - a choice of restaurant that pinpoints the unassuming classiness of this friendly and resourceful woman. San Moritz is a quiet place in Vorarlberg, not far from Soho Square, where Janet Holmes à Court reigns benevolently as executive chairman of Stoll Moss Theatres.

As the proprietor of 11 London theatres, she is one of the most powerful individuals - certainly the most powerful woman - in West End theatreland.

But San Moritz is not a power restaurant. There is no wheeling and dealing. The beautiful people are absent. There are no hives lurking. It is a Swiss restaurant, if you please, that serves charming, well-cooked food at spectacularly non-Swiss prices.

For 'Lunch with the FT', guests can choose any restaurant they like. When I asked Janet Holmes à Court why she had chosen this one, she said that she liked its friendliness and food, and that she could walk to it from her office. I told her that I didn't drink, but that she must have anything she fancied. She asked for water, and said that a glass of house red might be fun later. I am afraid I forgot to order it. She did not mention it again.

I asked her about Soho. What was it like to work in? She replied: "I love Soho enormously. I have a flat here at present. I can walk here for

lunch. I can also walk to every one of our theatres at night and walk home again, feeling completely safe. I may not be safe, but I feel I am."

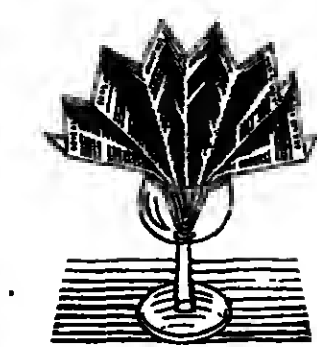
Stoll Moss Theatres is part of Heytesbury Holdings, a family concern she inherited on the death in 1990 of her husband, Robert Holmes à Court, the astute and exceedingly civilised Western Australian businessman whose fortunes had been reduced by the global stock market crash of 1987.

On the death of her husband, Janet Holmes à Court could have retreated into a life of luxurious obscurity. But that is not her way. She has tons of vitality, and a commendable array of interests. Her principal business achievement has been to establish Heytesbury as a diverse but focussed group.

Apart from 11 London theatres, she owns a Western Australian cattle company (Heytesbury Pastoral Group) and a Melbourne-based construction company (John Holland Group) that does much business in south-east Asia.

She also owns a Perth-based trucking operation, an extremely successful racehorse stud, and a winery and restaurant in St Margaret's River, at the south-western tip of Western Australia.

To supervise these interests, she has homes in Perth, Melbourne and London, and flies hither and thither, visiting England four or five times a



year.

Her CV of cultural, educational and charitable interests is as long as your arm. She is pro-chancellor, for example, of the University of Western Australia and a member of the board of the Reserve Bank of Australia.

One of the things that seems to please her most is Australia's success with multi-culturalism and its efforts to integrate itself more fully into its part of the world.

"There are 176 different nationalities in Australia," says this ambassador-at-large approvingly. "You rarely go anywhere and sit with people who look the same."

Intrigued, I asked her about her Reserve Bank appointment. Why had they asked her to join? "Well," she said, "they wanted a woman,

and I'm not particularly flattered by tokenism. They had never had one, you see. On the other hand, Heytesbury operates in widely different geographical locations, and in very different businesses, so I expect they found that interesting."

I said, rather clumsily, that I was sure that the Reserve Bank of Australia had had hundreds of successful businesswomen from whom to choose for its foray into - uh - tokenism. To which Janet Holmes à Court replied: "Michael, you are charming."

Theatre is her greatest love, both in Australia and in London. Stoll Moss is spending \$10m refurbishing her London theatres, which include the Theatre Royal (home to the money-spinning *Miss Saigon*), the London Palladium (awaiting *Fiddler on the Roof*), Her Majesty's (*Phantom of the Opera*), the Lyric and the Queen's.

One of her theatres, the Globe, in Shaftesbury Avenue, is being renamed the Gielgud Theatre in honour of Sir John Gielgud's 90th birthday, and also in tribute to the late Sam Wanamaker. When Wanamaker's reconstruction of Shakespeare's Globe Theatre on the south bank of the Thames opens next year, it will be the only Globe Theatre in London.

Janet Holmes à Court went to school and university in Perth, and spent three years teaching science,



Janet Holmes à Court: theatreland's reigning monarch

Helen Johnson

but says she has always enjoyed being around creative people and that her link with London theatreland was something she was determined to maintain after her husband's death.

"Theatre is the best business to be involved in, and London theatre is - or should be - the wellspring of what happens in theatre around the

world. If I weren't involved in theatre I would like to make motorway cones. The money there must be in motorway cones!

"One thing that concerns me is that there are so many revivals on in London at present. There is very little new writing happening in West End theatre.

"In addition, many of the backers

have been affected by the fall-out at Lloyd's. Yet the theatre business is cyclical, as are most others. That is why it pays to diversify one's interests. When Stoll Moss is doing well in London, the Australian construction business may well be in the doldrums.

"I visit the theatre every night when I am in London. Although I feel safe in Soho, there is a lot more that could be done to perk-up theatreland. For example, there appear to be more people living on the streets." Homelessness, she said, had many costs, some less obvious than others.

Another of her passions is Australian Aboriginal art. She has held on to the collection of Aboriginal art formed by her husband, and has added to it greatly, so that she now owns about 1,500 Aboriginal items, out of a total art collection of about 3,500 pieces.

On the other hand, many other works were sold off. "When I looked into it, there was an enormous amount of stuff in Heytesbury, including, for example, a remarkable number of racehorses: about 160 brood mares, four stallions, four studs and horses in training all over the place, including England and the US.

"However, what Robert had done was put in place the foundation of great success. The operation is now much simplified - 50 mares, three stallions, just one stud farm - and is now, for the first time, making money, having recorded some notable achievements."

Racing is an "interest" rather than a "passion" for Janet Holmes à Court, though for all her jet-setting, her favourite place appears to be her racehorse stud, 40 miles from Perth. "It is the place where I would like to finish up."



Listed bed and breakfast: Sarah Burgoyne takes guests in her Grade II listed 17th century manor house, within earshot of Glyndebourne opera house

Glyn Owen

## Stately B &amp; B's of England

Christopher Price tests a discreet and classy venture by Britain's tourist industry

There are no advertisements for one of the British tourist industry's newest ventures. Nor are there any signs outside the most beautiful places in Britain which offer guests a night's lodging.

In fact, anonymity is almost a condition for those taking part in the scheme. "A bed and breakfast sign outside the house? Good Lord, no. We don't want just anyone calling in," said Philip Archer, a retired farmer of Welland Court, a 15th century manor house set at the foot of the Malvern Hills.

It is a refrain echoed by his fellow mansion owners, who, for reasons ranging from impecuniosity to boredom, last month began opening up their homes to paying guests. "If people just rolled up willy-nilly we wouldn't know what sort they were," agreed Richard Cunningham, owner of a listed Jacobean manor house in Sussex.

The task of finding the right type of guests is being undertaken by Discover Britain, a Worcester-based agency which, in keeping with its publicity-shy members, has limited its advertising to overseas tour operators.

"Quite a number of our owners prefer to be discreet about offering B&B and so will take only overseas visitors," said Andrew Grieve, the agency's managing director. Some owners had also expressed concern that potential burglars might turn up to assess their valuables if they advertised in the UK. There are plans to extend the scheme to the UK in the autumn, but Grieve admitted: "I don't expect all the owners will want to take part."

Most owners do it because they need the money. Maintaining a large country house is expensive at the best of times, and the recession has put off some much needed repair work. Sarah Callender-Becket, owner of Combermere Abbey, a Grade II listed 12th cen-

tury abbey set in an 1,100-acre estate in Shropshire, has a double incentive. "We have serious maintenance and repair projects to undertake and overseas guests will not only help finance a new roof for our 16th century library, but also help advertise the new stables we are converting into holiday cottages."

"We're all in it for the money, let's be honest," said Sarah Burgoyne, "I could tell you about my love of entertaining, which would also be true. But it's basically about trying to keep this place going" - a Grade II listed 17th century manor house, complete with lake, tennis court, swimming pool and exceptional gardens within earshot of Glyndebourne opera house. Burgoyne, a widow with two young children, intends to run the B&B venture alongside her Edwardian garden furniture business.

Several of the owners are Lloyd's names. Sir Graham Lake, owner of Magdalen Laver Hall, an early Georgian mansion, said: "I'm not expecting to make that much from it, but it might make up some of the syndicate money I've lost."

Belinda Hextall, of 15th century Baverstock Manor near Salisbury, put a brave face on it. "Yes, we have got a Lloyd's problem hanging over us and it's a big open syndicate - but that's not really the reason. We have nine bedrooms here, my husband works away half the week in London, the children are day boarders and I like to keep busy."

Lake, who spent many years abroad in the colonial service, said: "We're hoping to meet some interesting people through this. We do really enjoy entertaining."

Grieve agreed. "These are people who are used to entertaining, have in many cases spent years at it and are finding that with their children grown up have these big empty houses. They're the perfect hosts and hostesses."

The cost of one night's accommoda-

tion and breakfast is the same rate for all the properties included in the "Mansions and Manors" programme - £34 per person. Dinner is an additional £15 per person.

Some overseas tourists book their chosen houses through tour operators. But the most popular method is a scheme enabling touring visitors to pre-purchase vouchers for the mansion of their choice. The only condition is that they give 48 hours notice - and it is at the owners' convenience. "The beauty of this scheme is that you can say 'no'," said Callender-Becket, a view echoed by many of the owners interviewed.

For those country house owners considering the scheme, the agency

'A bed and breakfast sign outside the house? Good Lord, no. We don't want just anyone calling in'

despatches an inspector to check on the suitability of the property and answer queries. The maximum number of guests allowed per night is six, a figure which stays within most council tax rules and avoids the need for a change-of-use planning application for the premises.

Most insurance companies are also comfortable with this figure as being no different from having normal house guests. None must sleep above the first floor in order to comply with fire regulations.

Capital gains tax does not come into play while the B&B activity is in principle use of the house. Income has to be declared, as with any business, but after setting costs against it, Grieve said the scheme remains "pretty profitable for all concerned."

After Discover Britain's commission has been paid, members receive £26 per guest. He estimated that in a good week during the summer a house could earn £500 net a week.

The agency encourages its members to extend every hospitality to their guests and to involve them as much as possible in the daily routine of the house. This will usually mean a welcoming cup of tea on arrival, a tour of the house and gardens and the use of many of the facilities. For their part, guests are entreated "not to treat your hosts as porters or housemaids," - even though some of the owners interviewed said their housemaids or au pairs would be doing the bulk of the domestic duties.

The hospitality was evident to varying degrees at the three houses visited by a colleague and me. At Burgoyne's house, tea and cake were served by our host in the drawing room, the au pair who would normally help was out walking the dog.

A tour of the house and grounds followed, Burgoyne giving us an animated potted history of the house, her life - she is particularly proud of her prize-winning Chinese Croad Langshaw chickens - and the Glyndebourne opera.

The guest rooms were spacious and, like the house itself, decorated and furnished in the grandest Georgian style. Dinner could be taken either in the large kitchen, or in the smaller but stylish dining room, and either with Burgoyne and her au pair or alone. So far her two sets of guests - one Belgian, one Canadian - have opted to eat with their host.

"I've really enjoyed the entertaining," said Burgoyne. "In fact, I got on with one set of guests so well that I took them to a poultry show. They thoroughly enjoyed it."

Further east in Sussex, King John's Lodge, so named because King John of France was held prisoner there in 1236, is surrounded in prize-winning gardens. The welcome here was also

warm, if a little guarded. Richard Cunningham and his wife had decided to make a separate lounge area for guests, deciding that "both parties like a bit of privacy." They had not received any guests as yet, but by all accounts, breakfast and dinner would also be taken alone. "We'll be too busy preparing it," said Cunningham. His management consultancy business has taken over part of the house, so space to wander around in was also restricted.

At East Masealls, a 15th century manor house nestled in a picturesque vale on the South Downs, we were greeted rather formally by the lady of the house who showed us to an elegant first floor bedroom overlooking the large lawned back garden.

Downstairs, we were served an early evening aperitif, although our host was surprisingly shy about discussing the house, referring all questions to her husband, who was working at his heating engineering business. When he arrived, he quickly disappeared to feed their prize labradors. I took the opportunity to inspect the gardens. After our previous reception, it was all slightly uncomfortable.

We had already decided to eat out, and the husband recommended and drove us to a local pub, offering to pick us up later. On our return, he served us his best single malt and for the first time both hosts seemed relaxed. We chatted until the small hours, during which time and in keeping with many of the other home owners, they claimed they were doing B&B more for the company than the money.

The next morning, formality returned and we took our breakfast alone, served by our reticent hostess. Just prior to our departure and true to form, she said: "I would not like to see our names in the paper. I don't think we want any publicity about this."

As They Say in Europe  
A dull day in Germany is ... well ... dull

James Morgan on the way other countries tackle boring news

When the week's news consists entirely of tales of the expected and the straightforward, boring newspapers tackle the problem in a manner dictated by their national traditions.

The British create salacious gossip to replace it. In Switzerland, you splash the story over several columns, the duller the better. Thus, the *Neue Zürcher Zeitung* covered its front page on Tuesday with the death of the former East German boss, Erich Honecker.

If the Germans report a dull event, they make sure you know it is dull. The Russians go in for a tiny bit of grotesque exaggeration. The French wrap boring stories together and manufacture bogus coincidences and astonishing non-sequiturs.

For them, the key words are: "At the very moment when..." So, one provincial French paper wrote: "Erich Honecker passed away in exile in Chile at the very moment when the old communists were poised to achieve a big victory in the Hungarian elections."

The arrest of the boss of France's Schneider engineering company by the Belgian authorities occasioned even more complex intellectual convolutions in *Le Monde*: "At the very moment when, in the margin of the Franco-German summit to Mulhouse, the employers' organisations of France and Germany sign a common declaration in favour of European construction, the indigenous reaction of many French businessmen to the, perhaps hasty, arrest of Belgium of Didier Pinaud-Valencienne seems surprising."

This is a journalistic style which has gone out of favour in Britain, and remains only to a shrunken form familiar to readers of Sunday colour supplements. "Many, on meeting Charlie Smith, Norfolk's leading rose-grower, would be surprised to learn that he is a staunch Labour Party supporter."

For *Le Monde*, the wondrous discovery of its fantastic coincidence was merely a cause of wider reflections on *l'Europe des affaires*. It decided that the close relations between France and Belgium had led to certain tensions, particularly in the French-speaking south of Belgium where French business influence has been regarded as a form of imperialism.

So, the paper warned against falling into a trap that I, for one, had never even contemplated. It said French leaders should not treat Belgium as "some kind of banana republic where the rights of man are not respected." A survey I have

conducted shows that this view is not remarkably widespread - largely, perhaps, because Belgium is a kingdom.

Nevertheless, the arrest of Pinaud-Valencienne does lead to consideration of another astounding coincidence. Schneider also is the name of the boss of the eponymous German company who, in March, allegedly ran off with millions of his creditors' Deutschmarks.

Since companies called Schneider have now got into the news this year in both France and Germany, why have there been no editorials on this? As Schneider means "tailor", perhaps one should watch out for firms of that name - which would be Sastre in Spain or Portnoy in Russia.

This reflection leads naturally to the Russian approach on how news and indignation can be manufactured from inadequate material.

Now the Russians have a unique ability to confront the sensational and be defeated by the commonplace. That quality has been of immense use to chaps like Chukhlov, who could produce fascinating tales of characters unmoved by disaster and overwhelmed by trivia. Thus, *Sovetskaya Rossiya* has been much exercised by President Yeltsin's decree abolishing export quotas and export licensing. This, said the paper, "plunges the country into a new phase of a so-called democratic revolution."

Meanwhile, the other conservative daily, *Pravda*, celebrated the 56th birthday of writer Leonid Leonov by noting that it coincided with the publication of his new novel which, allegedly, "sums up the philosophical and ethical results of a whole stage of world civilisation." And never before had someone of 56 been able to achieve that.

If there is a particular German gift in this area of stylistic endeavour, it is to render the banal banal. This week, there have been allegations of a scandal involving over-charging for cardiac valve implants in certain clinics.

The *Allgemeine Zeitung* of Mainz commented: "If this should prove to be so, it would not be only a case for the public prosecutor. It could also affect the smooth functioning of social insurance societies such as Sickness Funds." And so on.

The trouble is that real news is scarce but comment is abundant. "No news, no comment" could, perhaps, provide the basis for a successful newspaper commercial.

James Morgan is economics correspondent of the BBC World Service.



## SPORT

**N**on-American motor racing fans, indoctrinated by the self-proclamation of Formula One that it is the pinnacle of motor racing, can only pause and take thought after visiting the "Indianapolis 500". Americans insist it is the world's greatest motor race. And they may have a point. The Indianapolis board does not need to woo Formula 1 for the right to stage a grand prix. Formula 1 is wooing it.

This week, as the grand prix world continued fierce arguments over how to improve safety following the fatal crashes of Ayrton Senna and Roland Ratzenberger, many "Indy" fans were still trekking thousands of miles across the US on their long way home from last Sunday's 78th running of the 500-mile race at the Indianapolis Motor Speedway.

A subdued crowd of perhaps 30,000 watched Damon Hill inherit his first grand prix win of the season at Barcelona on Sunday, but in the US, some 450,000 flocked to see Al Unser Jr win in his Marlboro Penske Mercedes after 500 miles at an average of nearly 200 mph.

Of that total, just under 300,000 were in grandstand seats which cost as little as \$25 – enough to admit an arm and maybe a leg for basic, standing-only admission to next month's British grand prix at Silverstone.

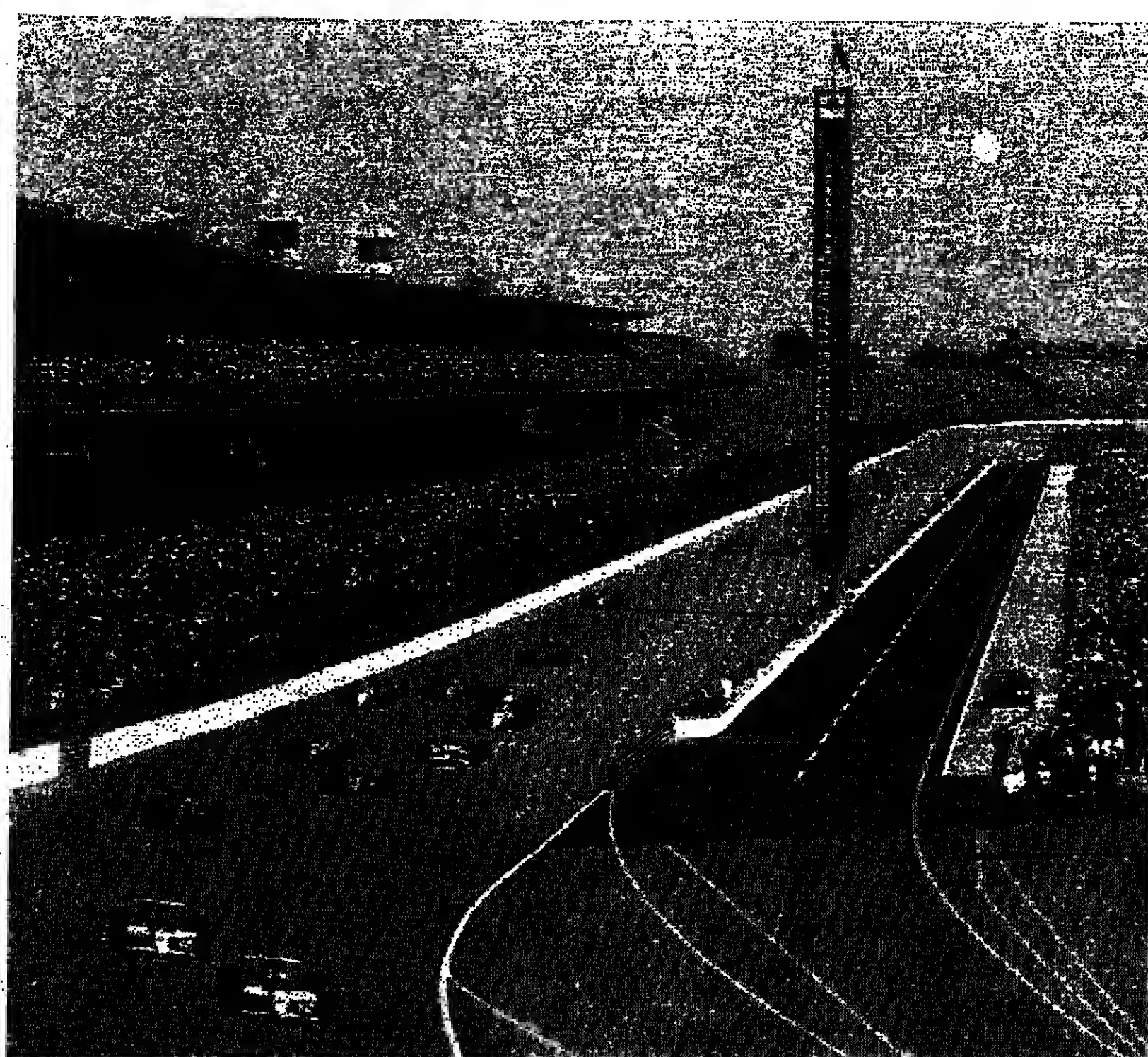
Nearly 100 faces filled just one vertical row of grandstands which line most of the speedway's 2½ miles. This is a "five" spectator event without parallel; the next largest, the Le Mans 24-hour race, on a good year attracts 200,000.

It sways first-time spectators and overawes new drivers – even of the calibre of Nigel Mansell, a rookie last year, and other top European drivers turned to North America's Indy Car series. All concede that it offers a challenge to driving skill and bravery with few parallels – even on the most testing grand prix of circuits such as Spa-Francorchamps.

So, how can grand prix be considered the world championship if it does not include the world's fastest and most daunting motor race?

Superficially, there appears no reason why both grand prix and Indy cars should not take to the track together. The Indy cars, for which the Indianapolis race is the biggest event across the US and Canada, look similar to grand prix cars. They have more power but this is offset by greater weight. In a straight line their performance would be similar but they lack the technical sophistication and cornering power of grand prix cars. But, says Tony Hulman George, the speedway's chief executive, grand prix cars are not designed to withstand impact with the concrete walls that line the circuit.

Grand prix engineers do not all agree; and both Max Mosley, president of the Fédération Internationale de l'Automobile, the world governing body of motor sport, and Ber-



The Indianapolis 450,000: the crowd last weekend dwarfed the turn out for the Barcelona grand prix

Motor Racing/John Griffiths

## The Indianapolis formula

nie Ecclestone, head of the Formula One Constructors' Association, say grand prix cars could be made compatible for this one race without unrealistic engineering effort.

But on the commercial and political front, too, Indy's powers-that-be refuse to be intimidated. "There are a lot of people in Europe who presume that Bernie not only walks on water but that he also owns the water," said one Indy veteran, who has also had a long involvement with grand prix racing. "Well, Bernie might be starting to feel he needs Indianapolis but the speedway sure

as hell doesn't need Bernie."

The Indianapolis 500 is more than capable of standing on its own feet. Even more grandstands and spectator facilities are to be added during the coming year, just as they have been almost continuously under the George family's nearly 50-year stewardship. The additions are still unlikely to be enough: the 1995 race ticket order forms warn new applicants to seek only the cheapest \$25 tickets, the others are already allocated.

Yet haltingly and warily – and after a breakdown in negotiations two years ago – grand

prix and the Indianapolis authorities might soon be once again groping towards a rapprochement.

They are still far apart, and George says that his talks with Ecclestone have not been resumed. But quietly, George and his speedway board have redesigned and landscaped the enormous infield – in which the full-sized golf course is almost lost.

A grand prix circuit, combining a long stretch of the oval course and some classic grand prix corners, is in place. All that is missing are the grandstands and George makes clear

that he would be prepared to build them.

George dismisses the idea that the two types of car will ever run together again around the speedway – even though it was the lightweight rear-engined grand prix cars of the late Jim Clark and Graham Hill which ended the reign of Indy's front-engined monsters in the 1960s. He nevertheless insists that: "I'm prepared to consider making a decent, permanent home for a US round of the grand prix championship here."

Such an event could, he hints, be only two or three

years away, but would depend on a more flexible approach from Foca and from Ecclestone, who has a well-earned reputation as a hard financial bargainer.

"If it happens it's going to be on our terms," says George. There is another pointer to change. In August the speedway will host a big Nascar stock car race.

It is the first time an event other than the 500 will have been held there. The breaking of such a long-hallowed tradition could well be the harbinger of the grand prix to come.

Cricket/Simon Hughes

## The word in the slips

**C**ricket has always been a noisy game in the Indian sub-continent and

in the macho world of Australian competition. But now in England too, howls of annoyance or encouragement are shattering the traditional peace of cricket grounds.

With the noise has come a crop of jargon that you will pick up at any professional match without listening particularly carefully. You might hear the wicketkeeper yelling "get it up 'im" as a precocious batsman takes guard. Slinging has become so familiar that the word is incorporated in larger dictionaries.

Other cricket vernacular is less well known. Here is a quick glossary, with one or two oblique references to England's current visitors, New Zealand.

**Aerobol bowler** – usually a wayward paceman, literally someone who sprays it everywhere. The young New Zealand fast bowler Heath Davis, playing his first Test at Trent Bridge, is a good example. Batsmen actually dread these types because sprinkled in between the wickets and long-hops will be the unplayable delivery.

**Bunsen (burner)** – rhyming slang for a turning wicket. A "raging bunsen" describes the sort of pitch occasionally found in India. There are few in county cricket.

**Boat Hill** – short leg. The youngest member of the team usually fields here because he is the most expendable, but 41-year-old Graham Gooch stands there for England, presumably so that he does not have to run after the ball much.

**Cafeteria bowling** – Downright rubbish so called because you can help yourself. You might see some when New Zealand take the field this series.

**Drillily** – New Zealand term for a slow medium bowler (including former captains Javed Miandad and Bev Congdon) who are lethal on their damp, mossy pitches. Grabbers – slip fielders. Graeme Hick seems to have regained his composure there for England after a winter of fallibility.

**Minefield** – a raging bunsen that helps fast bowlers as well. Usually found in provincial areas of New Zealand or on council-run county grounds in England, more by accident than design.

**Nick** – touch, allegedly too faint for the umpire to hear or see, so non-walking batsmen usually get away with them,

particularly Australians, but nowadays more and more English ones as well.

**On 'Em** – Loud reminder from the slip cordon that the batsman taking guard made nought in the first innings, and is therefore in danger of making a pair. Even the worst tail-enders dread that.

**Pongo** – rapid scoring. Serious pongo indicates a run rate of about eight an over usually inflicted by one of the great players – Brian Lara for instance – and a day when the bowlers do not want their analyses advertised in full on one of those new-fangled electronic sight screens.

**Pull a Pupp** – Derbyshire term for doing a muscle, and nothing to do with thieves at Battersea Dogs Home. Rabbit – A batsman with a career average of less than five, or someone who has taken more wickets over his career than he has scored runs. (I don't qualify!)

**Reverend** – player who only plays regularly on Sundays. Essex, Somerset and Durham seem to have had a monopoly. Usually indicates a cricketer coming to the end of his career. Not many are religious.

**Sawn-off** – given out by a cross-eyed or crooked umpire sometimes this is just a pure gripe by a player who was legitimately dismissed and some come out with extraordinary excuses such as being distracted by spectators flashing mirrors or bowlers wearing coloured sweat bands.

**Strangle** – a wicket taken with an unlikely delivery, also sometimes described as a "death". The new England cap Craig White strangles a lot of batsmen with deliveries of varying quality.

**Up The Ladder** – general term for a coward or a hypochondriac. Basically anyone who manages to get off the field because life is getting a bit rough.

**Wagared** – term coined from Wagar Youm's prowess at producing inswinging yorkers which are usually both painful and terminal. Yorkshire's Darren Gough is developing the same ability, but getting "Goughed" doesn't quite have the same ring.

**X's** – Money given to county or international captains for rounds of drink after play. The strange thing is you never see these captains for dust afterwards.

**Zorro** – Energetic swishing batsman – a flashing blade. This summer there may be a plague of them representing England tucking in to the rather friendly New Zealand bowler.

Tennis/John Barrett

## Pierce adds fresh verve

**T**his afternoon in Paris, international women's tennis will experience one of its periodic moments of rebirth. When Mary Pierce, the 19-year-old Canadian-born, French No. 1 who lives in Florida, plays the effervescent Arantxa Sanchez-Vicario, in the final of the 1994 French Open, she will be injecting fresh life into a sport that has recently been in decline.

Ever since the retirement of Chris Evert in 1989 and the eclipse of her great rival Martina Navratilova, whose last on-court victory was her Wimbledon triumph in 1980, the game has been dominated by Monica Seles and Steffi Graf. Between them these two have won 23 of the last 26 grand slam championships, including the last 13.

Until her comprehensive defeat at the hands of Pierce last Thursday, Graf had enjoyed a clear run following the stabbing of Seles in April

1993. The 24-year-old German has won her last 20 tournament finals. Although Graf and Seles have been wonderful ambassadors for the sport, the predictability of their victories had introduced an unhealthy element of ennui.

Pierce, the No. 12 seed, who was competing in a grand slam semi-final for the first time, ended all that. Her crushing 6-2, 6-2 victory over Graf which made her the first Frenchwoman to reach this final since Frankie Durr, who won the title in 1967, was exceptional in several ways. Pierce had played the world No. 1 twice, both times on hard courts last year, and had been crushed both times. Yet, after beating two of the top 10 – Sabatini and Navratilova – at the Virginia Slims Championships in November, Pierce seemed to become a different person. Now she can say: "...every time I play against Steffi and the top players I feel that I have the game to beat them." She has proved that this week.

Pierce hits the ball harder than anyone since Seles. She has been trained since late last year by Nick Bollettieri, who developed both Seles and that other mighty smiter, Andre Agassi. Bollettieri has encouraged her to go for her shots as Agassi and Seles do.

This way of playing is risky. On a bad day the losers outnumber the winners. On a good day you are assured of spectacular success. For the past two weeks Pierce has had a succession of good days. During her six wins she has conceded only 10 games, a record in Paris since open tennis began in 1968.



Mighty smiter: Mary Pierce powered her way to the French Open final

Mary smiles a lot on court. She can afford to, now that her father and former coach Jim has been banned from any venues where she is playing, following a fight he had with another spectator at last year's French Open.

"Many things have changed, on the court and outside the court. My life has changed. I enjoy myself more now and I have been training a lot physically. When you feel good physically you have a lot of confidence," said Pierce.

Confidence was crucial against Graf. Never did Pierce compromise, perhaps because, as she explained: "I told myself this was just another match ... I didn't think about Steffi being the other side of the net. I just had to think about the ball." Easy to say, difficult to do. Clearly Mary was enjoying herself, and it showed.

Two few players understand the importance of getting the crowd on their side – especially when playing on home territory. Jimmy Connors and John McEnroe were past masters at it. Time and again I have seen them manipulating the vociferous crowd at Flushing Meadows so that their opponents have felt they were tak-

ing on the whole of New York. In Paris, Mary Pierce had the 16,000 French spectators eating out of her hand. A smile here, a gesture there and they would roar deliciously to compound the discomfort of the defending champion.

The victory was all the more impressive for the variety of shot displayed by Pierce. Cleverly flighted lobs, well concealed drop shots and even the odd volley, all produced at the right moment to catch the champion off guard. You kept wondering if Mary would awaken from her dream. Certainly Graf hoped she would.

"It is very difficult to play a whole match like that. You sometimes have to miss some points so I still thought I had a chance," said the loser. Any last chance Graf might have had evaporated when, having broken the Pierce serve for the first time to make it 2-2 in the second set, Graf lost her serve with three errors as a light drizzle began to fall.

When they resumed, after a 40 minute delay, Pierce sailed into the attack. In 13 minutes she blasted through the next three games for the loss of four points to reach the final. Pierce's opponent today may

prove more troublesome. Sanchez-Vicario, the No. 2 seed, had looked fit and fast as she inflicted a 6-3, 6-1 defeat on fellow Spaniard Conchita Martinez in the other semi-final. Sanchez-Vicario, always in the shadow of Graf or Seles, now has the chance to show us just how good she is.

When she won the French title as a bubbling 17-year-old in 1989 the future seemed bright. Since then, however, there have been doubts on the great occasions. Too often she has faltered on the brink, as at the US Open in 1992 when, having beaten Graf, she froze against Seles. Pierce is another Seles. She plays the same way. She has the same confident outlook. It would be ironic if the unfortunate Sanchez, the only woman previously to have beaten Graf this year, should be thwarted by Graf's latest conqueror. Sanchez has won three of her four previous meetings against Pierce but lost their last encounter on a clay court in Hilton Head two months ago. My guess is that Pierce is now even more confident than she was then and, should today become the sort of exciting, new champion the game needs.

Motoring/Stuart Marshall

## Fiat scores a point

**F**or months, Fiat's new supermini-sized Punto and I have been avoiding one another. Nothing personal, you understand. It was just that when Fiat asked me to go somewhere to drive it, I was committed elsewhere.

But at last a Punto came my way. Having driven it for a week I can say, hand on heart, that it was worth the wait.

The model I tried was a 55 S 1.1 3-door, at £23,350 the cheapest and least elaborate of them all. There can be few cars less favoured with goodies.

It was the first I had driven for many years that lacked a trip odometer. The windows were hand wound (no great hardship); there was no rev counter, no central locking, no split rear seat backrest and no power steering, which was bothersome only at very low speeds or when parking.

That, however, just about sums up this most basic Punto's downsides. The upside included a willing engine (55 horsepower at 5,500 rpm); a five-speed gearbox with the nicest shift of any Fiat in recent years, even if getting reverse called for a strong push down; and a good ride due to the wheel-at-each-corner design.

The driving position is excellent because neither pedals nor steering wheel is offset and – most unusually – there is a proper rest for the left foot away from the clutch. Headroom is more than adequate, with no sunroof runners to reduce clearance. There is no sunroof. The tailgate opens on to a reasonable boot. It will not take two sets of golf clubs in their trolleys without folding the back seat – but I cannot think of any car in this size and price class with a boot that does.

Punto's styling is trendy and

practical. I rated it as pretty original as that of the "one-box" shaped Twingo that Renault, to its discredit and probably ultimate regret, has said will never be made with right-hand drive.

The body is easy to see out of and is well protected, front and rear, from minor knocks by whacking great plastic bumpers. But the flanks of the Punto 55 S look vulnerable to careless multi-storey parkers; they lack the rubber side-strips that are standard on every other Punto model from the 55 SX 1.1 3-door (£7,350) upwards.

Height-adjustable seatbelts with pre-tensioners are part of the package; airbags for driver and front passenger are a £540 optional extra. Full marks to Fiat for equipping all Puntos with an inertia switch that de-pressurises the fuel line from tank to engine in a crash to reduce fire risk. Neither power steering nor anti-lock brakes are available as an extra on this entry model though they are on some of the dearer ones.

Another nice touch, unusual in a small, cheap car is the choice of fresh or recirculated air from the heater.

Although a car of Punto's size and engine capacity is likely to spend more of its life in towns and suburbs than on long journeys, it does not run out of steam on motorways. At normal third lane cruising speeds it sounded fairly busy but untroubled. On smooth tarmac it ran quietly, but coarsely textured surfaces created a surprising amount of tyre noise. Fuel consumption should average around 44-45 mpg (6.42-6.57/100 km).

For a mix of performance, comfort and value for money, the Punto 55 S must be the best buy among supermini-sized family hatchbacks. There

are some slightly cheaper ones, but they are mainly basic versions of yesterday's cars, such as the Fiat Uno, Rover Metro, Renault 5 Campus, Citroen AX and VW Polo that are nearing the end of their lives.

The most competitive of its up-to-date price rivals are the Peugeot 106 Kid 1.0i and Vauxhall Corsa Merit 1.2i 3-door, listed at £25,375 and £25,640, respectively. Nissan Micra 1.0 L 3-door (£26,855) and Seat Ibiza 1.3 CLi 3-door (£26,895).

Perhaps its most formidable challenger will be the new Volkswagen Polo, due to be launched in the UK in October. Prices will have to match Punto's closely. Fiat has not had a happy time in the British market for several years but in the last 12 months has been pulling out of the doldrums. The Punto's arrival can only speed up the process.

### MOTORS

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## OUTDOORS

## Gardening

# Potting the way to a summer of profusion

This weekend, we can all play at decorating without being real gardeners. Bedding might be out but potting is in. I have seen the signs all over England. Dog-tired wholesalers are heaving plants by the thousand from Hereford and Leicester, retailers are multiplying their prices up to five times and putting them out on the pavement; impatient gardeners have made off already with too muchimpatiens and Lixie has been ever so busy.

On Wednesday, I found the most over-priced pot in London. It was not being passed around a bond dealer's birthday: at £260, it was standing on the pavement in Knightsbridge, a clay container with two mini-roses in flower, a wisp of silver leaves, and a scattering of white pansies. For £20, you could have run up your own superior version.

Potting is in because we have all learned to do it better. Gone are the days of a few petunias and a zonal geranium: potters pack in a jungle (and, if they have read the FT, they reduce the days of watering by adding water-retention crystals to the soil). They prolong the flowering season by feeding with Phostrogen once a week. And they aim at a profusion which leaves the new Royal Horticultural Society encyclopedia looking out of date already.

Undoubtedly, the best pots are terracotta, and none is better than the terracotta cast thickly in Britain by Whichford Pottery near Stratford, Warwickshire, which leads the exhibitors at each year's Chelsea show. I fear I am not rich enough to acquire enough of them, though. If each pot costs up to £80, how can I line my terrace and work towards the illusion that a warm Riviera without tourists stretches beyond the tree line?

Wanting width, I have come to rest at Sainsbury's Homebase. For £10, they will sell you a 19in pot of clay, not terracotta (and would have given

you 10 per cent off last week when you most wanted to buy it).

These pots are plain, durable, and are much better than anything with little patterns or a plastic appearance. I use them for my yearly mainstays: the standard fuchsias, large salvia and felled grey heli-chrysum. Since these plants are taken indoors each October, there is no point in going to the extra expense of frost-proof terracotta when the plants themselves will die with a touch of frost.

Most of them are a dream for part-time nurseries which have been started up on open days by one or other partner in the backyard: they root like weeds from cuttings, but we can all be nudged into paying £2.50 for our own individual piece.

My ideal jungle would combine scented heliotropes; the finely-cut silver leaves of a senecio under its old name of leucostachys; several angel pelargoniums; and a plant or two of the best verbenas, the pale pink Silver Ains.

The heliotropes may well

*With retailers rushing to multiply their prices, Robin Lane Fox intends to be selective about the plants he buys to fill his containers. Sweet peas are at the top of his list*

Instead, I am prepared to spend on plants. Mind you, it is not easy to splash out on the wholesalers' routine offerings. Far too much is being forced on us in mixed colours, which include heastly mauve and strong pink.

Wherever there is a "compact" form, the tall form is being discontinued. Scented, tall, white tobacco plants are now a collector's item at garden centres because of the monotonous Domino mixture which can be trusted to behave on a municipal roundabout.

From the mass market, I have found nothing tolerable except white pansies, which are over-priced and trailing dark blue lobelia Sapphire. Vita Sackville-West used to insist that lobelia could look marvellous when massed in semi-shade in a dark-flowered form. I agree; but she might not agree with my fancy for finely-cut pyrethrum Silver Feather, or the blinding white flowers of lavatera Mont Blanc which are prone to provoke sick.

Sensitive souls, meanwhile, head for half-hardy perennials.

trap the unwary. Ordinary stores sell boxes of dark purple forms with large flowers, often named Martine. These plants are annual varieties which have almost no scent and die totally in the autumn.

The ones you want are the perennials, which cost at least £2 each and grow madly from what may seem a small fragment this weekend. Their smaller flowers smell exquisitely of sweet powder. Chats worth is a handsome mid-blue and Princess Marina should not be muddled with the pointless Marina.

The sweetest of all is White Queen and, although these flower best in their first year, they can be rooted so easily from cuttings that one plant soon turns into 50.

Pelargoniums are another trap. This weekend, the blotched and spotted Regal forms look very tempting (unless their flowers have too much pale mauve). They will flower briefly until July and will usually hold fire until a second showing in autumn.

By feeding heavily every

week, I did force the old blotched form called Royal Ascot to flower beyond its form book but, this year, I am compromising with the small-flowered Angel varieties. They, too, have pretty, dark markings on pale petals, but they last much longer and can be tucked easily into the heavy planting of modern plantings.

For connoisseurs, I recommend softer varieties: the violet-blue alyogynes and pale forms of the evergreen orange mimulus which are just appearing in the UK from California. The best way to find these varieties is to take a day trip to a specialist: Hopkyns of Much Hadham, Hertfordshire, and Brian Hillier of Wallington, Surrey, are two Chelsea medalists near to London's north and south ring roads.

Remember that you will be able to multiply your first plants from their stock and keep them going in ever greater quantities by yearly cuttings. They are a far better buy than yet more stripes of annuals which will be dead by November.

Lastly, what about some sweet peas? Here, too, we have been fobbed off too often with low-growing varieties and names like Skapee. But at the Malvern show a month ago, one top grower was showing 19in pots with four plants each of his noted tall varieties, grown up 5ft bamboo canes and flowering magnificently.

Start yours up canes of around the same height, feed them regularly with a strong tomato fertiliser and, when they reach the top, take them down to the bottom of the cane, wind them round and let them climb all over again. They will flower excellently and may even be better without the hottest sun or the reflection from a supporting wall.

If you like potting and hate long Latin names or journeys down the motorway, opt for sweet peas in the knowledge that there is nothing better this side of paradise.



One of the skilful plantings from Jim Keeling's book 'The Terracotta Gardener' (Headline, £17.99, 176 pages)

The story of the British climate is written in the nation's flower beds, according to Fred Last, honorary professor of forestry and natural resources at Edinburgh University. He believes the UK's parks and back gardens could be used as early indicators of such climate changes as global warming.

Botany and meteorology have come together in Last's own garden in East Lothian. It was pressed into service as a weather station in 1977 when he decided to explore the impact of the previous year's drought on plants and realised there was no bench mark for his observations.

Records of the flowering dates of plants all over Britain had been kept between 1891 and 1945, but no one had analysed the data to see if it had a story to tell about climate. So Last decided to use his garden to build a definitive picture of how plants respond to their environment over time.

Since 1977, he has recorded the

## Here is the weather flowercast . . .

*Susan Aldridge explains how ordinary garden blooms may be an indicator of climatic changes*

flowering date of every species in the garden. At present, there are 450, of which 250 have been there since the start.

The records show that some species - such as honesty, lilac and apple - bloom on the same day every year. Indeed, the archives at Covent Garden (the London fruit and vegetable market) show that home-grown apples have been reaching the market on virtually the same date for more than a century. But the flowering dates of many other species - such as grape hyacinths, rhododendrons and roses - appear to be dictated by temperatures in the months before blooming.

Using average flowering dates for the period from 1978 to 1988, Last

has been able to show that warm years such as 1988 and 1989 were registered by changes in flowering dates. "Maximum and minimum temperatures were both four degrees higher than average in January and February 1989, and this resulted in a total change in flowering patterns in the garden," he says. "By March, there were three times more plants in bloom than normal, and the flowering of sensitive species such as poached egg plant and rhododendron were advanced by several weeks."

These species flowered early in 1990, too. But the trend was not sustained and 1991 saw the return of average flowering patterns. This season has seen few highlights so far - at least in East Lothian.

While November and December were unusually cool, temperatures were normal thereafter and the number of flowers in bloom from January to March reflected this, being close to the long-term average. People thought it was a cold winter, but the message from the flower beds is that while it was long, it was not exceptionally hard. Put simply, most sensitive species respond to air and soil temperatures a month or so before flowering. Some also are moisture-sensitive, while roses seem to respond to cumulative effects - two warm years such as 1988 and 1989 saw them flowering even earlier in 1990.

Plants which are not climate-sensitive are said to be photoperiodic -

their flowering triggered only by the length of the day. The underlying reasons for these differing responses remain unknown but Last hopes his garden-based studies might trigger more research into the basic biology of flowering.

These trends have obvious implications for garden design. A year-round show could be guaranteed by mixing plants which unfold their flowers in an orderly progression as the days lengthen, with those which are climate-responsive; this would add interest and variability.

Bulbs, for instance, could include temperature-responsive snowflakes and fritillaries alongside the yellow and white tulipa tarda, which is photo-periodic. For the rock gar-

den, saxifrage will bloom early or late against a constant background of yellow alyssum. Photo-periodic shrubs include the pink and white-flowered scallionia, while the bud-dieia (known as the orange ball tree) is a climate responder.

As far as climate goes, it is still too soon to say if the trends of the past few years amount to global warming. "People thought that the warmth of 1988 and 1989 was bound to have a residual effect," says Last.

"The fact that we were back to normal by 1991 suggests that those years may have been part of a short-term trend. But with many more years of monitoring, we will certainly pick up the longer term climate trends."

Last would like to see climate change gardens used in a serious scientific context - in schools, or attached to meteorological stations. At present, he is designing a climate change garden for the Centre for Deep Sea Oceanography, in Southampton.

The scientists there are looking at how the oceans act as a "sink" for carbon dioxide released into the atmosphere by anthropogenic emissions such as power stations and car exhaust fumes. It's particularly appropriate to have a climate change garden at a site where they're studying the effect of climate on the ocean, Last says.

Violet willow, witch hazel and lily of the valley are among the photo-periodic responders which will provide constant and predictable year-round colour for the scientists. Mexican orange blossom, blue-eyed Mary, and Solomon's seal will work alongside them as early indicators of climate change - as could many of the plants in gardens up and down the country.

### Facts and Figures

#### May statistics

Miles skied: 228 (Total since January 1: 1,853)  
Vertical miles: 40 (Total: 353)  
Miles by car/train: 2,400 (Total: 15,920)  
Resorts visited: no less than 183  
(US: 50; Canada: 13; Austria: 28; Italy: 10; Germany: 1; France: 24; Switzerland: 21; India: 10; Japan: 4)

#### Resorts skied in May

France: Val d'Isere, Tignes, Chamonix, Angers  
Austria: Stubai Glacier, Golden  
India: Rhotang Pass (Murrell)  
Japan: Goryu Toori, Gassan, Tokyo Old Dome, Tazudama  
US: Mammoth, California

#### Expedition sponsors

Ski the Summit, Colorado; Newell-Packard; Arctic American Airlines; Air New Zealand; Snow+Rock; Foggy Travel Insurance; Lubric; Champagne; Myster, Charles

#### Monthly competition winner

Ken Omernik, Bay, Lancs April

### Skiing

## The desperate jet set

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. They began in the US, and last month skied in France, Austria, India, Japan and the north America. Now in Austria, they will soon be on the way to South America . . .

The enormous globe of the moon hung over the top of Lift 23 at Mammoth Mountain in California's High Sierras. Simultaneously, the rays of the

rising sun suddenly cleared the top of Broadway. It was 5.27am and the start of a tense day for the FT's Round-The-World Ski Expedition.

Before the rush hour started, Lucy and I would be the only passengers cruising over the snow-capped peaks in an executive jet heading for an already hazy Los Angeles and from there to Europe and the Alps. Two logistical conundrums had jeopardised our plans to travel from California to an Austrian glacier in our attempt to ski every day of 1994.

We had relied on the normal morning flight to travel the 300 miles from Mammoth - one of less than a handful of north American ski resorts where lifts were still operating at this time of year - to Los Angeles. What we had failed to bargain for was that during late May this flight was out of service. We seemed to be marooned in the middle of the Sierra wilderness.

The nature of our second crisis only dawned on the day before we were to leave for Europe to mark time in the glaciers until the first snow in the Andes: even if we managed to find a way of leaving Mammoth, our overnight flight to Frankfurt, which arrived around noon, was going to leave us too far from our



Early morning run: Mammoth mountain in California

intended destination at Hintertux in Austria to be able to ski that day.

Our first problem was solved in spectacular style when Randy McCoy, son of Mammoth's owner, Dave McCoy, agreed to fly us to Los Angeles in the resort's new 30m Citation jet. He found room not only for all our skis, but also our bag of dirty laundry.

After McCoy had come to the rescue in his glistering new jet to fly us out of Mammoth, American Airlines, who have already flown us once round the world, agreed to fly us first class to Munich, where we would arrive two hours earlier than Frankfurt and be nearer the mountains.

The odds against our skiing in California and Austria on consecutive days had suddenly shortened. And thus it was that we found ourselves being ferried by Steve Brown's Snowcat to the top of Lift 1 at dawn, long before Mammoth's lifts opened. It was a rude but spectacular awakening to the day. We then jetted to LA to try to stay on course for our 146th day's skiing.

We had spent a jet-lagged but idyllic week at Mammoth, combining some much needed rest with some equally important ski mileage. Even with only four of its normal winter quota of 30 lifts open, Mammoth still has a formidable

amount of skiing available in spring.

Trying to find large - preferably interconnected - snow patches to ski on when it is not winter anywhere in the world is not easy, as our own ski record this month confirms. We had become expert at finding such snow in India, and - as one local put it: "Here in Mammoth we have some pretty big snow patches!"

With more than a dozen trails open, Mammoth was like after our hunt for snow in Asia. And, even though most lifts were closed, you could still hike into tougher runs such as Wipe Out and Dave's Run.

In May, the resort's lifts close at 2pm. Skiers can spend the afternoon marvelling at local attractions such as the monoliths and waterfalls of Yosemite, and perhaps America's best-preserved and most poignant ghost town, Bodie, "a mining town frozen in time". We were even able to play nine holes of golf.

Around 24 hours after leaving Mammoth, Lucy and I were revelling in fresh powder on the Stubai, an Austrian glacier at Neustift. It seems an age since we were last in Europe, but it is a mere 23 days and 26,820 miles. After our hectic and carless schedule in India and Japan, it is a relief to be mobile again.

Trying to ski either side of an inter-continental flight is always tricky. What should have been a straightforward run from the top of Argentina's Grands Montets before we left for Geneva and our

flight to Delhi at the beginning of May became tense when high winds sprung up suddenly, almost trapping us helplessly on top of the mountain only hours before our aircraft's departure.

We had been warned that it was raining at the top of the cable-car but, unexpectedly, we encountered savage conditions. By the time we reached the summit, 60 mile-an-hour winds plus thick fog had made the long black run back to the mid-station at La Croix de Lognon more than 4,000 ft of extremely exposed and moguled terrain - a frightening prospect to ski in a hurry or even to ski at all. Feeling just a little like Captain Oates, I clambered down the metal staircase to the slopes way below, but I knew in my heart that the descent on skis was too dangerous.

There was now a real risk that the cable car would stop running and leave us stranded until the wind dropped. But the gusts were just within operational limits. We chose a more benign run for our one descent before leaving, but it was a close thing.

Now we are back in Europe, the next few days in Austria and Switzerland are going to be very precious. They will represent the only real taste of summer we will have in 1994. In mid-June we shall be plunged back into winter when we arrive in Santiago in an attempt to ski every single resort in Chile and Argentina. But here in Austria, it is snowing again. Perhaps there will be some winter sunshine in south America.

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## BOOKS

## Three eccentric English lives

One of the enduring English traits is the capacity to produce eccentrics. Here are three on parade. Paul Johnson and John Osborne with their oddball symmetrical titles - *Wake Up Britain!* and *Damn You, England* (the latter avoiding the exclamation mark) - alongside an authorised life of Lord Longford, possibly the most eccentric of the lot.

All of them have changed as time went by. Johnson from left to right, Osborne from a fairly prolific playwright to someone who may not write for the theatre again, Longford from right to left (with a conversion to Roman Catholicism in the middle) and almost back again. In his late years, we learn, Longford gets on well with another English eccentric, Denis Thatcher. The pair share a love of rugby and the experience of being the butt of cartoonists.

Yet one wonders if the changes

have been in anything much more than the labels. Johnson, once the editor of the *New Statesman*, remains a polemicist. The new element is nostalgia for an old Britain. When he was at school, he recalls, the whole dormitory would be woken up in the middle of the night to be given the glorious news that yet another old boy had won the VC. And when he was at home in Staffordshire, "an entire street would celebrate when a boy or girl from it got into a grammar school".

Something went wrong after the second world war starting, he thinks, with the end of empire without the consent of the British people. Ever after, save a brief interlude from Lady Thatcher, it has been down hill. Johnson claims that Europe might have saved Britain if

**WAKE UP BRITAIN!**  
by Paul Johnson  
Widenfeld and Nicolson £9.99,  
200 pages

it had joined at the start. He sees Jean Monnet as a hero and the "onlie begetter" of the European Union, with Churchill alone ready to support him on the British side.

Note that the evidence for Churchill's staunch commitment to Britain in Europe is not produced and would be hard to find. Note also that there was nothing to prevent anyone reading the Treaty of Rome when it was first written and realising its implications. Still, the book is subtitled a pamphlet, so perhaps details do not matter. Johnson wants the emergence of a party

**DAMN YOU, ENGLAND**  
by John Osborne  
Faber and Faber, £14.99,  
264 pages

"broadly conservative in its attitudes" campaigning for "the retention of essential elements of British sovereignty". In spite of the exclamation mark, the fire has gone out. Osborne has perhaps been misunderstood, partly by his own doing. The words "Damn you, England" originally came from one short article written as the Berlin Wall was going up in 1961. There are other harsh words in it, such as: "I carry a knife in my hand for every one of you. Macmillan, and you, Gaiskell, you particularly". Yet if you read his prose as a

**LORD LONGFORD**  
by Peter Stanford  
Heinemann, £20,  
502 pages

whole there is not all that much spleen even in the political pieces. In 1974 he wrote in *The Observer*: "I shall vote Labour once more, but with even emptier heart than usual". He added: "If I lived in Ebbw Vale I should vote for Michael Foot, and if I lived in County Down I should vote for Enoch Powell". In other words, another English romantic eccentric hankering after his own kind. For the rest, *Damn You, England* is mainly a collection of Osborne's sensitive and highly intelligent views on theatre. He may not like

critics and sometimes even audiences, but they were not always right about him. Nor is he especially little English: see his notes on Strindberg and Ibsen. The public image has sometimes obscured the quality of his work.

Much the same may be said of Lord Longford, notably by way of his attachment to the convicted moors murderer, Myra Hindley. The reservation about this authorised biography is that Longford should think himself important enough to trust his life to a 500 page book by a former editor of the *Catholic Herald*, Peter Stanford. Longford cannot be as modest as he looks.

Over time he has had much to be modest about. As Stanford points out, his ambition was to rise much higher in politics than he did. It is

hard now to recall that he rose as far as minister for civil aviation. He would have liked, but was never offered, the Home Office.

Perhaps he wanted to be more conventional than he seemed. Certainly, with the possible exception of the Hindley case, there is nothing particularly eccentric in what he has said. It is not all that odd for someone with a decent education to abandon the Conservative Party. Longford did not turn far left: only to the Labour Party.

Yet the image of eccentricity remains. As one of his daughters comments: "It's as if he is saying, 'I'll be a maverick, I'll be a rebel, I'll never tie my shoelaces, but two people I'm always going to support are the Pope and the President of the United States'". Stanford's claim that he is an elder statesman of the Labour Party goes a bit far, but it's not a bad life.

Malcolm Rutherford

## A welcome D-Day Armada

Publishers have mobilised. Ian Davidson picks the best works

It was with foreboding that I tackled this clutch of books about D-Day and the Normandy landings. There was little reason to suppose that the familiar story would be improved by the hoop-la of the 50th anniversary.

And yet, the D-Day landings were an amazing event. It was the biggest sea-borne invasion in history, the product of an extraordinary combination of intelligence, deception, secrecy, inventiveness, planning, engineering, logistics, discipline and bravery.

None of this would have been able to overcome the fearful odds, if the operation had not been over-arched by an astonishing depth and intensity of international co-operation and military integration between the allies, which laid the foundations for Europe's security throughout the next 50 years.

If you want to know the essential story, I cannot imagine a better place to begin than the Penguin *Atlas of D-Day*, edited by Ian Davidson (Penguin, £4.99, 148 pages, £17 in paperback, £10 in paperback). This is a superbly produced little book, with excellent maps in colour, which illuminate every aspect of the operation from the planning to the bridgehead, right through to the end of the Normandy campaign 10 weeks later. If you are a military history buff, and want to trace the movements of an individual division, the index gives a reference to relevant maps and text.

The text is the real bonus. I had expected the words to be no more than a make-shift skeleton of facts, filling in the spaces between the maps. In fact, it is a sizzling narrative, told with verve and drama by

John Man; and he skillfully intersperses the detailed account of events on the battlefield with glimpses of the larger picture and stimulating judgments which avoid any taint of patriotic prejudice.

David Evans' *Guide to the Beaches and Battlefields of Normandy* (Michael Joseph, £14.99, 186 pages) is a more pedestrian affair. It is obviously intended as a utilitarian handbook for military tourists or relatives of men who fought in Normandy. There is a short historical section, but the book is mainly devoted to an alphabetical gazetteer of villages and towns in Normandy, with brief thumbnail sketches of their associations with the campaign, and their war memorials and museums. Unfortunately, the maps and diagrams, in black and white, are rather crude.

If it is true that a picture is worth a thousand words, then a book of photographs of the invasion ought to give the vividest possible impression of a great and dramatic event. The curious thing about *D-Day: The Invasion*, Photographs (edited by Tony Hall, Salamander, £4.99, 64 pages, paperback) is that the overall impression is rather confused and unfocused. Perhaps this is because this book does not include the best selection of the available photographs. Or perhaps it is unavoidable that the dominant impression through the lens is the fog of battle; it is only afterwards that the researcher can reconstruct the drama and its meaning - which must be conveyed in words.

Russell Miller's *Nothing Less Than Victory* (Penguin, £7.99, 496 pages, paperback) is in its way a verbal equivalent of the book of photographs, because this is an oral history of the invasion, told afterwards by men (from both sides) who



Surrendering young members of the Wehrmacht - from D-Day: The Climactic Battle of World War II by Stephen E Ambrose (Simon & Schuster £20)

were there. Some of the extracts are drawn from books or other published sources. But most of them are from interviews conducted by the author, and cumulatively they give a powerful impression of what it was like to be alive in 1944, to be young, and to be at war.

*D-Day 1944* (by Robin Neillands and Roderick de Normanville, Orion, £5.99, 320 pages, paperback) is another attempt to tell the story of the invasion in the words of men who were there. But where Russell Miller leaves the extracts to speak for themselves, Neillands and de Normanville have woven their first-hand sources into a seamless story. This is warfare at ground level, and a vivid and frightening experience for all these terribly young men.

Someone took a lot of trouble to live up to the page layouts in *D-Day: The Normandy Landings and the Liberation of Europe*

(Anthony Kemp, Thames and Hudson, £8.95, 194 pages, paperback). Unfortunately, the effect is so busy, with different type-sizes and different types of illustration inter-twining with the text on every page, that the result is difficult to read. Anthony Kemp has produced a straightforward narrative, but the visual confusion does not help, even if many of the illustrations are striking.

The attraction of a first-hand account of war, such as Geoffrey Picot's *Accidental Warrior* (Penguin, £6.99, 318 pages, paperback) or Alastair Borthwick's *Battalion* (Baton Wicks, £16.99, 270 pages) is that it can give a powerful impression of what it was like to be there; the drawback is that personal knowledge is almost invariably confined to a small perimeter: the individual soldier knows little of the battle, and almost nothing of the campaign.

Geoffrey Picot, a 19-year-old infantry officer in Normandy, makes this explicit. "Those who get their picture of a battle from films where seemingly hundreds of rival soldiers are packed into a few hundred square yards may have difficulty imagining a real battlefield. You and a couple of pals can be hundreds of yards from anybody else; you may not have much idea where friend or foe are. You fire from a concealed position to a hidden target. And how on earth do you find out what is going on?"

*Accidental Warrior* has been praised by soldiers. I found it a bit too stiff-upper-lip; as Russell Miller found when he was interviewing for his oral history, the English were less ready to admit to any real feelings than the Americans. Borthwick, however, has a turn for engaging humour. "Bog-bunting was the only

sport possible in St Honorine, and it was pursued so diligently by the garrison that some claimed eggs were snatched before they even touched the straw. All the hens certainly had a harassed look... You had to follow the hen into the hen-house and sit staring it out of countenance until it had laid, because if you took your eyes off it for a second someone came in and robbed you." *Battalion* was published in 1946, under the title *Sans Peur*; it deserves its re-issue.

*Decision in Normandy*, by the American military historian Carlo d'Este (Harper Collins, £10.99, 558 pages, paperback) is another welcome re-issue. First published in 1983, it is detailed, comprehensive, deeply researched, penetrating, and well written; it has become and will doubtless remain one of the classic accounts of the Normandy campaign.

to display her wares. It has now been reissued in paperback (Mandarin, £5.99) to coincide with Ms Blackburn's new book, in which, this time, the proportions have changed a little - this is more "biography" than "travel", more imagination than history.

Daisy Bates was an eccentric old lady of Irish extraction who spent most of her long life in a tent in the South Australian sands promoting the cause of the wretched native population. She published *The Fasting of the Aborigines* (1938 and 1966), received a CBE, died in 1961, and is certainly not an unknown figure, quite apart from the fact that she was briefly married to Breaker Morant, the fantasist and adventurer who was court-martialled and shot in the Anglo-Boer War.

Julia Blackburn in her *St Helena* book developed the trick of picking out an autobiographical memory, describing it briefly, and then using it to pole-vault into her main subject. She does it again (and again) here - "I first heard of Daisy Bates about 25 years ago when I was on the edge of my adult life: back straight, waist narrow, jaws always aching because I clenched my teeth in fear or perhaps in rage. I had established a curious relation-

ship with a woman called Edith Young... She had learnt about Daisy Bates, the only interesting person with a white skin who had ever lived in the entire (Australian) continent as far as she was concerned... You must write a book about her," she said. "Soon the author is creeping up on her unlikely target: 'I'll give her a dream from her childhood which is a dream that I used to have when I was a child...'. And then, after intense empathy and research, the break-out from the St Helena mode as Blackburn discovers she feels able to become her subject: 'I am Daisy Bates in the desert, stretched out on the floor of my tent, surrounded by the intense heat and dryness that has not let go for months, or is it years.'"

There follow 120 pages which purport, successfully, to describe Daisy Bates' own story of her years in the desert - acceptance by the Aborigines, the years in Ooldea astride the main railway line, with all its corrupting impact on the locals, the onset of frailty and age, the angry retreat. And then Ms Blackburn returns, intrudes, inserts herself back into the story, for the last years.

This is a fascinating exercise. Part of the quest is the unravelling of a mystery, because Daisy Bates was a liar who told whopping stories about her grand Anglo-Irish Protestant background (she was a Catholic orphan), her meeting with Queen Victoria (she travelled Down Under as a penniless free migrant, soon to be a bigamist), and so on. As the author observes, "Some of what she says is true but a great deal of it is not and it is such an odd process trying to separate the person who she was from the person she would have liked to be, pulling the two apart and unangling their embrace."

But Julia Blackburn is concerned for a mythical rather than a literal truth about Daisy Bates. There will be comparisons with Bruce Chatwin's *Songlines*, but I do not think that means much. I suggest to booksellers that *Daisy Bates in the Desert* should be stocked, in substantial numbers, either under "Biography", or "Travel", or, best of all, under "Fiction".

## Schoolgirl feminist

The cover of this book says it all. Here, at 60, is Gloria Steinem: long blonde hair, drainpipe pants, high black boots, exquisitely manicured fingernails. She is the acceptable face of American feminism: radical, but feminine, prosperous, the picture of a healthy, pampered confident young girl.

And that is the problem. For between the covers, Steinem writes like an adolescent. *Moving Beyond Words* is a collection of essays: some revamped versions of the smart journalism with which she made her name, such as "Sex, Lies and Advertising"; others new, long pieces on Freud, on a feminist economics, on being 60. It is these, published to celebrate 30 years of feminist wisdom, which reveal Steinem's limitations as writer and thinker. They are embarrassing, tedious, shallow and, in their pretence to scholarship, deeply fraudulent.

The essay "What if Freud were Phyllis?" is the core of the book. At 90 pages it introduces the volume and Steinem, subverting it "The Watergate of the Western World", compares it both to Swift's *A Modest Proposal* and Nabokov's *Invitation to a Beheading*. In fact, it is a trite pastiche of Freud's life, constructed as a mock biography of Phyllis, a matriarchal psychoanalyst who discovered male womb envy and female breast castration anxiety. Steinem tells this deadpan but, every few sentences, she

tries, like a precocious student, to catch out teacher Freud. He was beastly to his wife, "too bad Martha didn't write a book". He had an affair with his sister-in-law, or even worse, he did not. "If he'd had a serious sex life with anybody, he wouldn't have been so bananas." And his theories were a male conspiracy which "keeps society and the psyche in its proper order".

Years ago, Steinem got laughs out of role reversals. Her fantasy of men menstruating when women could not, for example, - "men would brag about how long and how much... street guys would invent

**MOVING BEYOND WORDS**  
Gloria Steinem  
Bloomsbury, £9.99, 296 pages

slang (he's a three-pad man)" - was funny, warm, provocative.

By contrast, this pastiche is crass. We know Freud was a chauvinist who made serious errors about female sexuality; Steinem merely trivialises feminism's long quarrel with psychoanalysis. And in her schoolgirl cockiness, she ignores the key point - that Freud was an intellectual revolutionary whose effect on modern consciousness can never be reversed, in spite of grave individual flaws in his argument.

Like many feminists, Steinem's vision of truth is ideologically determined. She interprets basic human experiences through the prism of a gender

war. In "Doing 60" she complains that the (male) state is removing older women's right to bear children: "France has just passed a law against medically assisted procreation for its post-menopausal women... It makes you understand why women be 'about their age'."

The undertone of the Freud piece is that woman would have better sex if Freud had not got us wrong. Through them all run the clichés - "testosterone-fuelled corporations", "women are primordial underdogs" - which reflect the strong hold of political correctness on our responses to Steinem's world view. To demur, says Steinem's tone, is to rule yourself out as a moral player.

For so many of the issues Steinem discusses - ageing, sexual neuroses, having and rearing children or not having them - are problems which are not entirely or even largely caused by politics.

A return to flower power - "I hope to live to the year 2030, and see what this country will be like when one in four women is over 65... perhaps we will be perennial flowers who report ourselves and bloom many times" - is not the answer.

The psyche was never an easy or simple thing. Steinem's utopianism denies the tragedy and awe, the chaos and venality, that are a rich part of life and whose absence leaves her book soulless and banal.

Jackie Wullschlaeger

## A writer and a fighter

vened during a scrap with another boy pinning him so that her son could punch Donlevy with impunity. He was rescued by his own mother: "You are going to have to do that for the rest of [your son's] life".

In Donlevy's adult life rescue from imminent danger is a recurring theme. It might take the form of a timely loan from a friend; or the fortuitous

**THE HISTORY OF THE GINGER MAN**  
J P Donlevy  
Viking, £17, 517 pages

presence of a bruiser-pal who would keep angry pursuers at bay while Donlevy made his escape through a side-exit of the pub. More often it is Donlevy, pugilist as well as literary artist, who has to perform a rescue for one of his cronies.

He re-creates the drunken chivalries and verbal jousting of a male set whose fame, unlike his, has not survived post-war Dublin. Apart of course from Brendan Behan, a firm friend who recognised Donlevy's powers early on, and whose skill as a mimic, persistence as a lecher and outrageous behaviour as a guest, are all hilariously noted. But the exploits of such as Gal-

lagher, McKernan, Craig, and even one Gaius Stephen Crist who was the model for the Ginger Man are rather less entertaining to read about here than were those of the fictional counterparts they inspired.

The novel still reads well thanks to its lively prose. Donlevy learned a lot from the thought processes of Stephen Dedalus and Leopold Bloom. But now, approaching 70, the ginger in Donlevy's writing has given way to a blander flavour; a maturity that has unfortunately been accompanied by the onset of prolixity. Eventually we move from Ireland to other places where Donlevy has lived - the Isle of Man, Boston, London, Paris, where, from time to time, the former fine descriptive touch returns.

It is to Paris that he goes to confront Giodias, publisher of Olympia Press. Letters exchanged between author and publisher, gastronomic lunches followed by fraught meetings in the office, then the shock of the early copies of the book with the company's porn-titles emblazoned on the fly-leaf, are the opening rounds in a costly legal battle that culminated in an auction many years later at which the Olympia Press came wholly into Donlevy's possession. He was now a rich man thanks to the success of the rescued *Ginger Man* and of later books.

Page 400 onwards should be read by anyone who is about to sign an agreement to publish a first novel. That Donlevy won his battle to rescue his book says much for his courage; it also shows that his training in law was not wasted time.

Anthony Curtis

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**FT SURVEYS**



## TRAVEL

There is always something going on in New Orleans, says Christina Lamb. It is a 24-hour city given to food, music and cosmopolitanism. Away from the bright lights, Nicholas Woodsworth travels the backroads of southern Louisiana and finds some fun

## Hedonism on Bourbon Street

There is something about the air in New Orleans that makes perfectly normal people yearn to throw off their everyday skins and become artists, writes Christina Lamb.

Maybe it is the riverport aroma of crawfish and spice, or the Mediterranean ambience of outdoor cafes and stucco houses with lace-patterned wrought-iron balconies, or just the way the sky hangs low over the Mississippi as a lone saxophonist serenades the sunset.

It happened in the guest-house in which I was staying. A 50-something couple at the next breakfast table pored over guidebooks and maps, the man planning the day's activities like an army assault.

On the third day the meek-looking wife had swapped her tweed suit for a long flowing garment stamped with large yellow and red roses. Under a floppy straw hat adorned with sky-blue feathers, she bore a new and determined expression - and an interesting brown paper package.

Instead of following Mr Dragoon-master, she headed for the hotel's small courtyard with its crumbling fountain and, lighting up a cigarillo, began painting bold indecipherable strokes on a pristine sketch pad.

The landlady had obviously witnessed such a metamorphosis before. Passing by with an armful of freshly laundered towels, she nodded encouragingly and said: "That's coming together". Flushed with pride, the formerly meek-looking wife returned to work with new vigour, making me feel mean that I had walked past without so much as a glance. After all, what was I doing but making feeble efforts at romantic poetry in the shade of a crooked banana tree.

New Orleans was once a mecca for aspiring artists and writers, providing the setting for Tennessee Williams' play, *A Streetcar Named Desire*, and inspiration for John

Audubon's *Birds of America* paintings. But these days, most people associate it with two big events - Mardi Gras, the pre-Lent carnival which rivals Rio's as the world's biggest party, and the Jazz Fest.

Unless one is a lover of crowds, the best time to savour the city's atmosphere may be outside the two main events. There is always something going on in New Orleans. As the birthplace of jazz it is a magnet for musicians. Parades and festivals celebrate everything from tomatoes to Tennessee Williams.

The French Quarter, or Vieux Carre, the original part of the city, is busy. On my first afternoon there, admiring the Spanish-style iron-work and cool inviting interior courtyards of Royal Street, I came across Blanchette and Michelini playing baroque music on multi-stringed lute-like instruments.

Around the corner, in front of the white Disneyland facade of St Louis Cathedral, on Jackson Square, a melancholy jazz trio was competing for attention with a group of long-haired blues musicians, one of whom was using string tied across a large card as a bass. In the park, a gaggle of giggling black school-children had gathered around a clown. Along the railings, artists made sketches of tourists for \$5 a time.

As the shadows lengthened, a squat old woman, swathed in turquoise robe with a huge beribboned hat, dismounted a spindly old bike and set up shop as the Star Lady, predicting the imminent arrival of tall dark strangers to breathless women in short skirts and scarlet lipstick. Nearby, a group of punks with clashing shades of luminous hair queued at the Lucky Dog, a giant tin hot-dog on wheels.

New Orleans owes its cosmopolitanism to its history. Founded in 1718, it is the only US city to have changed flag six times - French, Spanish, French, American, Confederate and Federal Union. But it was the brainchild of a Scotsman.



Blow that horn: musicians in Jackson Square, New Orleans. There is something very special about hearing jazz in the place it was born

John Law, a crooked financier from Edinburgh who had won his way into the affections of Philippe d'Orleans, regent for the infant Louis XV, to become his *de facto* finance minister, conceived of a scheme to make France rich through colonising the Louisiana territory. Establishing the settlement of La Nouvelle Orleans, he sold real estate to Europeans.

But it was not quite the paradise Law described. Instead of fabulous wealth, colonists found a crude collection of shacks on a swamp, beset by fire, yellow fever, hostile Indians and hurricanes. As the swindle was uncovered, Law's company went bust, although some tenacious colo-

nists remained, the city passing into Spanish rule, then back to French. Becoming a flourishing port, before being sold to US president Thomas Jefferson by Napoleon in 1803 for \$15m.

Today the spirit of John Law lives on in the city's hedonistic character. This is most evident on Bourbon Street - a neon jungle of strip-teasers and tacky T-shirt shops, with music oozing from every crevice.

There is something very special about hearing jazz in the place it was born, and New Orleans continues to produce great musicians such as the Neville Brothers, Dr John, Wynton Marsalis and Harry Connick. Just \$3 (and a wait) can

buy an evening of traditional jazz in Preservation Hall where some aged founding fathers of jazz still play. Further along, at Lafitte's Blacksmith Shop, you can listen to piano in perhaps the oldest bar in the state. Dating from 1772, it presents a striking sight with its original timbers and soft brick, like the creole cottages of the first French settlers. Blues lovers adore the Old Absinthe House.

The New Orleans tourist authority does little to boast of its musical heritage, offering only a few glass cases of memorabilia in Louisiana State Museum, among them Louis Armstrong's first cornet and a pair of Bix Beiderbecke's cuff-links.

Armstrong Park, named for the city's most famous son, is sadly dilapidated beyond its illuminated arch. Inside, Congo Square, where last century free blacks and slaves would congregate to improvise music and dance, is silent save for the groans of some drunken hobo.

Storyville, a legal red-light district which flourished from 1898 to 1917, attracting players such as Buddy Bolden, Jelly Roll Morton and King Oliver, who developed what we know as jazz, is not safe to explore - the city is sadly crime-racked.

After music, the highlight for many visitors is food. Of both Creole and Cajun origin, local special-

ties include catfish, alligator, jambalaya, gumbo and sweet pralines washed down with Dixie beer.

New Orleans is a 24-hour city, and reward for staying up all night should be breakfast in Café du Monde. From there you can saunter across to the river-side Moonwalk to watch snub-nosed barges and brightly painted paddle steamers emerge in the morning mist.

As the sun meets the moon in the sky and the saxophonist plays a final rendition of *Do you know what it means to miss New Orleans* before leaping on the red river-front streetcar, do not be surprised if you feel inclined to stay to write that long-planned novel, or take up painting.

## Down at Papa Paul's the joint is jumping

A jungle of arc-lit freight yards and chemical storage tanks on the Mississippi at Baton Rouge; walls of leafless trees rising from the black water along the causeway in the Atchafalaya Swamp; hunters' pickup trucks parked in the mist by the roadside. There is not much to see on a dark winter's morning on the highway west of New Orleans, writes Nicholas Woodsworth.

Driving, I wonder why anyone bothers with such refinements as guns and hounds in Louisiana: there are opossums and raccoons, muskrats and skunks, squirrels and porcupines squashed flat on the roads.

At Eunice, in Prairie Cajun country, a sign - "Links" - brings me to a halt at a gas station on the edge of town. "Sevens-course breakfast" asks the man behind the till. For people passing through Eunice early on a Saturday morning, a seven-course breakfast is a link of Cajun *boudin* sausage and a six-pack of beer to go.

Where are they going? To Fred's, in Mamou. I am on my way to Fred's, too, but decide to stick to a single course. Back in the car, the sausage is hot - so spiced and fiery that I can feel my breath flaring out of my nostrils. I run back - blessed relief - for at least part of the remaining menu.

Mamou is small but still I manage to get lost in its broad, flat grid of shacks and straggling bungalows and end up in front of Bett's Seafood Store. Eventually, back on Sixth Street, I see the sign I am looking for: "Fred's Lounge - Cajun Music Capital of the World". *Laissez les bons temps rouler*. Can you actually translate "Let the good times roll" in such liberal fashion? In Mamou, on a Saturday morning, you can do almost anything you like.

All the windows in Fred's are blacked out. Inside, Sam looks to me like 9pm. It is not just the lack of daylight: it is the cigarette smoke, the blinking neon beer signs hanging on pink walls, the packed crowds swilling Bud and vodka-and-7, the jukebox with the sign above saying "No standing on the jukebox". It is the couples locked in a fast-moving two-step that has them careening around the miniature dance floor like billiard balls. It is Donald Thibodeau and his band, Cajun Fever, pumping and scraping away in the corner for all they are worth.

Fred's, as the saying goes, is an institution. Quite what kind of institution I am not sure, but Fred's has been letting rip early Saturday morning, week in and week out, for more than 30 years. Fred died not very long ago but his wife, Tante Sue, hosts an equally exuberant gathering.

Its stated purpose is a live weekend broadcast by KKP 1050 - It is the Voice of Cajun Country, a radio station down the road in Ville Platte. The real reason, though, is that Cajuns like to get together and *laissez les bons temps rouler*. The earlier they start, the further they roll.

A plump man in a moustache and cowboy shirt is standing in front of Don Thibodeau's microphone and doing a little radio



advertising between sets. He is reading the ads in French.

My French is all right. But "Charlie's Meat Market" and "Goodyear Tyres" and "Five ball" and "Cajun hot sauce" are the only phrases I understand. The rest is a French so twisted by 300 years of emigration that not even the French understand what is being said.

Tiny Tante Sue - who, with blue-rinsed hair, imitation pearl necklace and large-framed spectacles, looks like my grandmother - seems no more impressed than I. Swigging from a half-pint bottle of bourbon, she nudges the plump man away from the microphone, calls for Donald Thibodeau, and lets go a great whoop. As accordion, guitar, violin, steel pedal guitar and drums break into another rambunctious two-step, she jitters off across the dance floor to grab a man. My grandmother might sometimes feel like acting that way, but I do not believe she ever has.

All those packed into Fred's are wearing their finest cowboy boots, their cleanest baseball caps. It is, after all, the social occasion of the week, and rice fields, crawfish ponds, tractor repair shops and other workaday places are left far behind.

I meet James and Anetia, who began dancing here in their teens and are still dancing here in their middle age. "This is the same bar I grew up in - place hasn't changed at all", James tells me. "Not even the people have changed." Watching Tante Sue and others in their 60s, 70s and 80s hopping about and playing the fool, I realise he is right: these old people are just young people in disguise. Cajuns have the knack of staying young for life.

I am not sure that I do. The morning wears on and the pace begins to tell. Two-stepping is tough. By noon, when everyone - including Tante Sue and the entire staff - piles out of Fred's, only to pile into Casanova's next door for the afternoon

dance, I have had enough. I wander over to Jeff's Diner for the blue plate special: pork roast and potatoes, rice with gravy, snap peas, cake with bright pink icing for dessert. My fork is bent, my plate is plastic, but this is honest food for honest folk.

Afternoon, and I am sitting on a doorstep in the pale winter sun with 70-year-old Pascal Fusille, drinker, dancer, Cajun folklorist and columnist for the *Mamou Acadian Press*. Pascal is telling me about the decline and revival of Cajun culture. His generation, he says, saw great changes: the banning of French in schools; the passing of a subsistence economy with the discovery of oil; the opening up of remote swamp and bayou with the building of roads. When he was young, Cajun was a dirty word, a near-defunct culture.

What brought it back? He points across Sixth Street to Fred's Lounge. "Music", he says. "We may forget how to speak French one day, but we'll never forget how to sing it."

Midnight in Mamou, and it is bitterly cold. Fred's is closed and most of white Mamou fast asleep. Black Mamou, though, is just waking up. Down on the edge of town, Papa Paul's dance hall is shaking, rattling and rolling as the wooden-plank floor begins to bounce beneath the rhythmic tread of dancing Creole feet.

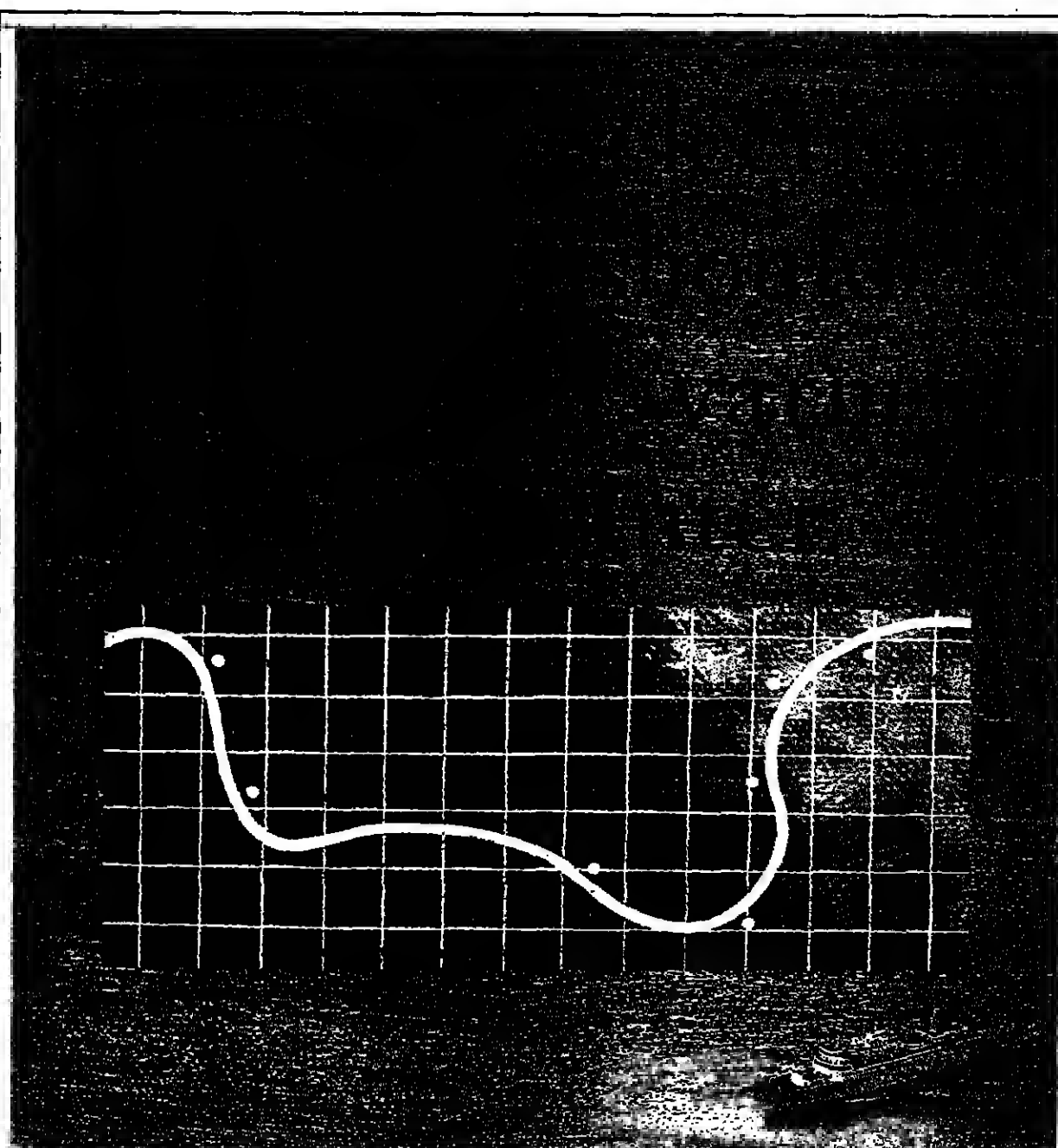
I am a bit nervous as I stand at the bar. I am the only white in the place. "Kinda rough down there", they told me in Fred's. "Papa Paul packs a pistol". It was not just some Mamou tongue-twister: here is stern-looking Papa Paul at the cash register, a revolver in a holster at his hip. But everything turns out fine.

The music is wonderful. Like Cajun music, Zydeco, is accordion-driven and usually sung in French. But it is music with soul, with spice, with Caribbean flavour. Indeed, Pooky and the Heartbreakers make Donald Thibodeau and Cajun Fever sound like hayseeds. Certainly, Pooky's music is too subtle for me to dance to. I did passably well at Fred's, but at Papa Paul's I step all over the feet of the young woman who is kind (and foolish) enough to dance with me.

Two hours of Zydeco and I pack it in. It is exhausting. I lie in bed in the dilapidated hotel across from Fred's, but cannot sleep. It is freezing. There is a gas heater in the room, a vast primitive thing that looks like a pre-industrial revolution experiment, all monstrous valves and knobs and stopcocks. It is useless. I cannot turn on the light, the room is too ugly. The wooden floor is painted grey, the peeling wallpaper brown, the bedspread the same pink as Fred's walls and Jeff's cake.

And so I lie and, to the rhythm of remembered pieces, tap my toes against the metal bedstead and think of Mamou, Louisiana. Drive to the right place and you will find all sorts of things on a dark winter's morning on the highway west of New Orleans.

Nicholas Woodsworth flew to New Orleans with Continental Airlines.



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## TRAVEL

## An Italian secret to be shared

It was like coming home, except that we did not paint a wall or prune an orange tree or untwist a drain.

But, driving down from Fiumicino airport, we felt the familiar wonder that we should be among the few foreigners who knew - had half lived in - the special corner of Lazio so beloved by Italians.

In nine years we commuted along those 70 miles dozens of times. Passing Lavinio, we would watch the terrain change from there it distended, as flat and nearly as green as a snooker table, westwards to the beaches below Anzio, inland across the Apennine to collide abruptly with the mountains, and south to where they drop into the sea at Terracina.

This great plain was for centuries the putrid, mosquito-infested Pontine marshes. It was drained and invigorated by Mussolini in the 1930s to more lasting effect than his efforts with the trains.

Soon we would look eagerly for the incongruous eruption that rises on the horizon, seemingly a rugged island, which in pre-historic times it was. Nowadays the coast, skewing east, embraces the craggy, 1,700-ft high saddle of Monte Sirocco, so that one flank is turned to the abundant sun. Falling to rocks and clear, clean water, this is one of the most beautiful, balmy and unpolluted shorelines of the Mediterranean.

Scattered white houses peep out from the hillside, mostly all, including the one we still presume to call our house, are the second homes of Romans. The scene never changes, for this is a national park with strict controls.

At one end, the mountain serves to shield the two-tiered town of San Felice Sirocco. The medieval walled part, astride a hill-top, is officially sign-posted as Centro Storico; locals never call it anything but the Paese. It commands the newer, sea-level district of La Cona, with its shopping centre, promenade, beaches, seafood restaurants and man-made port.

At the other end is the stylish hotel and villa complex of Punta Rossa, draped over the point of that name. We had always assumed it to be above our station. Now here we were spending £900 to rent one of several apartments - virtually a little house - at the foot of the hotel

for two weeks.

Perched a few feet above the sea, it had some phases over our house. We could be snorkeling among shoals of small fish in moments. We were used to trekking down the garden path, amid lemon, orange and apricot trees, oleanders, hibiscus and masses of bougainvillea, strolling along a lane and descending exactly 100 steps to gain a rock perch. At weekends, when exuberant youths arrived with radios, we were miffed that Italians should invade our territory.

If the sea was petulant, an alternative was the La Cona beaches, most of which are kept pristine in season by concessionaires - at a price. We preferred to drive round the Ciroce to the superb sands and dunes that stretch 15 miles north from abeam of Sabaudia. There

### Alan Ponsford enjoys an unpolluted Mediterranean shoreline

development is restricted to a few beach houses and bars.

At Punta Rossa we had another option - an adjacent sea-water pool, gouged into a vertical cliff festooned with greenery. We usually had it to ourselves. And that exemplified the dilemma of such elegant hotels in southern Italy. With two or three months of hot sun remaining, the ascending gardens, the guest rooms above, the elevated restaurant with magnificent views on three sides, were nearly deserted.

For this was the beginning of September, the time called *sereno*, when August's excesses of heat and humidity have exploded in spectacular thunder storms, leaving the sea warm and generally placid. But the tide of visitors, virtually all Italian, which starts to rise in late July, streams out on the last Sunday of August. Only for a few more weeks will San Felice bulge.

Ten years ago the cordial San Feliciani readily accepted us into their community as an Anglo-Saxon minority of two. We are still a bit of a novelty. For this is no Costa del Sol, or Provence, or even Tuscany. No expatriate parties here, no golf

courses, hardly any private swimming pools.

How snug we were. Occasionally stray fallow-countrymen would appear in Carletto, La Sona's small supermarket. *Inglese* we would hiss from the sides of our mouths as we dodged behind the pasta shelves.

Along the main street many friends would shake our hands when we returned from even a brief visit to Surrey. Like Claudio, in the Sant' Andrea cantina, who fills your five-litre *dampigiano* from a cask for £3 as you sample his several varieties of wine. And Pita, always smiling, dispensing *pasta all'uovo*, filled and unfilled.

On Friday evenings the street is in turmoil, double-parked Masseratis, Ferraris and Range Rovers with Roman number-plates disgorging big spenders in very dark glasses and shoulder-shrug jackets.

A place of somewhat grim fascist architecture, Sabaudia is in fact a lively place with smart shops and several restaurants worth the 15-minute drive from San Felice. La Pineta, for instance, does wonders with fresh mussels, clams and scampi.

San Felice has adequate eating places, many combining a pizzeria with the restaurant. But our favourite outings for Sunday lunch are along the coast. We always feel euphoric eating seafood to the sunshine at an outside table on the quayside at Anzio, with a sweeping view of the harbour and fishermen selling their catches nearby. On the way home, digestion is much assisted by an espresso or an ice-cream in adjoining Nettuno, a good-looking town with handsome villas, a big marina and a highly-organised beach.

Our other choice is La Campana on the beach at Terracina. Further on, Sperlonga, an attractive combination of hill-top alleyways and golden sands, makes a good day-out. Indeed, so does Rome - preferably by rail.

From Fossanova, a 25-minute drive inland from San Felice, trains to Rome take an hour, though it can be worth missing one to visit the 13th century abbey along the road from the station. A mere 90 minutes from Rome, San Felice will nevertheless continue to hide from foreigners. This is fine with us - but what a waste.



## Devon: good waves, man

These guys tell me we are driving after high waves. I am the green one here, the novice lured by the prospect of "pure pleasure."

We stop at Welcome Cove and it is a most unwelcome place. There is rain, grey sky and only a bit of light left in the July evening. Thin lines of black coral run down the beach and disappear into the sea. Beyond a steep cliff is a barren landscape of shapely curves.

Legend says that about 100 years ago farmers used to gut their sheep on those hills to placate the devil. Apparently, they blamed evil spirits for killing off their flocks. But the guys I am with are not superstitious. They are waxing their boards in glee - waxing makes the board less slippery - and telling me we are in luck. They reckon these are fine waves.

Soon, I am up to my chest and out of control in sea a murky shade of green, holding the surf board tight. A seal pops up and bobs off. Another high wave crashes over my head, sweeping me closer to those dark claws. What am I doing here?

There are other places to surf in Devon. Black figures in wet suits hunched over boards like jackdaws waiting for waves are a common sight along the fractured north Devon coast at any time of the year. They have been there since the 1960s, when Australian lifeguards first drifted over with their boards.

Locals say that some of the best surf in the world is at Croyde Bay, where waves roll up a sandy slope and bounce off an oyster bed. But there were no waves to speak of there that day. At the bar in the Thatched Barn Inn it was decided to go and look for some. Hence the road trip. Pity.

Croyde is a laid back village refreshingly free of gloss. It is part of a chunk of land between Barnstaple and Ilfracombe that juts into the sea like a hooked nose. It is just west of Exmoor national park, and is an unfashionable but friendly landing place for Atlantic swells and travellers to south-west England seeking a daring alternative to cream teas.

More than a few visitors to Devon find their way there each year, but most pass it by. The lure of the theme-parked, congested south is

apparently too much to resist.

In Croyde, a place of contrasts, surfers hang out in narrow high-banked lanes. White cottages with thatched roofs stand in well-kept gardens. In the Thatched Barn, an inexpensive menu includes pheasant pie and fresh Lundy plaice. A stroll away is Croyde Bay and a car park where surfers often camp.

Those black figures you see in wet suits waiting for the next wave are not all little young men. There is a core of committed surfers well into their 50s who dare the waves. I tracked down one of them eating a ham sandwich in his garage.

"Pure pleasure, that's what I call it," Alan told me. His garage, where he crafts foam and polystyrene into surf boards which he sells, is just down the road from Braunton, an inland village a few miles south of Croyde. A wizened man, Alan is not quite bald. He is an agile 58-year-old who surfs whenever there is a wave. Often he is out at dawn.

"Surfing is much more than a sport; it determines how you live," he said. "I'm addicted to the rush you get from the energy of the wave. But it's impossible to describe. You've got to try it." I was told about a local barrister, a man who doesn't want to miss chances. In court, he wears a wet suit beneath his gown.

Other passionate surfers include Surfers Against Sewage, a group leading calls for a clean-up of British waters. Occasionally, their members surf wearing gas masks. As well as fish, they reckon, you could catch ear infections or hepatitis. You might even die.

I suppose it was cavalier of me to try to learn to surf at Welcome. These were not beginners' conditions. I caught a cold but no waves. At least I got out alive.

Equipment: wet suits are essential for warmth even in the height of summer. Beginners should use long boards, which are easier to balance on. Boards and wet suits can be hired for around £20 per day. More information from British Surfing Association, tel: 0736-66250.

Details of accommodation in and around Croyde from the tourist information centre, Barnstaple, north Devon, tel: 0271-388583.

Chris Eales

## The lost wonder

When Yale professor Hiram Bingham stumbled upon Machu Picchu in 1911, he had founded his scepticism by overcoming the absence of accurate maps of the Peruvian highlands, the toughest of terrains and 300 years of jungle growth that had all but obliterated the stone ruins. Worst, he had endured the skepticism of his fellow academics, who doubted that the so-called Lost City of the Incas ever existed.

Modern-day tourists have had to confront a different hurdle - terrorism. Since the founding of the Maoist Shining Path guerrilla movement in the early 1980s, Peru has been embroiled in a ghastly civil war that has claimed the lives of at least 26,000 people. For much of the time the Cuzco highlands, where Machu Picchu is located, have been practically out of bounds in the conflict.

Peru's reputation for bombs, bullets and bandits kept all but the hardest travellers away. Machu Picchu, lost for 300 years, vanished for another decade.

But things may be changing. Since the capture of Abimael Guzman, the intellectual founder of Shining Path, there has been a slowdown - though not a halt - of terrorist activity. And tourists are tentatively returning to Machu Picchu.

They are being encouraged by the reputation of the Lost City of the Incas, fed by lyrical descriptions such as the one in the preface of Bingham's book: "In the solitude of its surroundings, the marvel of its site, the character and the mystery of its construction, the Western Hemisphere holds nothing comparable."

If the ancient capital grips the imagination, the modern one, Lima, seems to leave most visitors under-enthralled. It veers all the scars of economic as well as terrorist catastrophe. There are slums, diesel-fueled air and swirling garbage. Armoured guards loiter on many street corners, and there are battered tanks discreetly parked alongside important buildings and windowless skyscrapers patched up with wooden sheeting in the aftermath of car-bomb explosions.

Fortunately for those with little inclination to seek out Lima's more gallecista side - colonial architecture, treasure-stuffed museums and imaginative cuisine - the Peruvian highlands lie just 45 minutes

away by air. It is from the regional capital of Cuzco, former centre of the Inca's sprawling empire, that modern travellers begin their pilgrimage to Machu Picchu.

I made the trip recently, catching the tourist train from the central railway station at Cuzco and clapping my hands to keep warm in the highland chill. We set off precisely on time, but progress thereafter was less than bullet-like.

The steep-sloped terrain obliged the train to zigzag as it dragged itself from the valley floor, first lurching forwards, then backing up, before manoeuvring ahead again. The same house or tree or sheep would appear in the window, slipping behind, before appearing again as we zigzagged ahead.

The crawling pace, though, did afford more time to spon-

David Pilling rides a slow train along the Andes to Machu Picchu

up the views of bulging marmot-brown hills, the unfolding plains and the glimpses of snow-packed mountains. Although Machu Picchu is at a lower altitude than Cuzco, which lies at 2,310 metres, the impression was that the train was inching higher, breaking into evermore remote valleys of sun-seared grass and grazing animals.

The tourist train, three carriages of clicking and clattering Japanese camera equipment, was said by the authorities to be the safest way to Machu Picchu. But it was difficult to understand how - bolted into the carriage as protection against thieves, I felt like a participant in armed target practice, crawling at enticing speed up the mountainsides.

It was perhaps an indication of Peru's catastrophic economic state that thieves, to which so many people have been driven, was considered a greater threat than one of the world's most determined guerrilla armies.

After a couple of hours the landscape changed with almost ludicrous abruptness. The neatly-ordered scorched yellows turned to luxuriant, rowdy plant-life as the train was swallowed by jungle.

The change of scenery brought with it a change of

mood. Sunny and light became brooding and mysterious. We went on, edging into the heart of this strange jungle, before stopping at a little station.

Here, we swapped the rattle of the train for the drone of a bus, which heaved itself up the plant-entangled mountainside. The train station disappeared below. Suddenly, unexpectedly, the pilgrimage ended. Just over there was one of the world's most extraordinary sights: Machu Picchu.

The postcard image was instantly recognisable: a stone city labyrinth with a ribbed, dinosaur-backed mountain in the background; Inca terraces; ruined palace walls; even a llama. But Machu Picchu, unlike the pyramids of Egypt or the Great Wall of China, was not diminished by reality.

What celluloid images fail to capture is the tremendous tumble and jostle of jungle-infested mountains soaring skywards and plunging valleys leading to the Urubamba river below. What the postcards miss, too, is the highland silence, the humidity, the drilling heat and the atmosphere of centuries undisturbed.

Most importantly, pictures could not convey the essential beauty of Machu Picchu: the almost organic harmony with which the stone city appeared to grow, with the same ease as a bush or a tree, from its mountain saddle. So perfectly carved were the stones that they seemed to nuzzle together.

The conquistadors never found Machu Picchu, and it is still not known precisely what it was for. It may have been a fortress, a pilgrimage centre or home to the "chosen women" of the Inca. Bingham thought it was the principal city of the last four Inca rulers who retreated to the impenetrable hide-away following the arrival of Spanish aggressors.

Whatever, it is now one of the wonders of the world. Peru's president, Alberto Fujimori, thinks so, too. Aware of the importance of a good press, he is fond of telling foreign journalists about the growing number of visitors to the Lost City. For that, says the president, one can thank him and the success of his war against Shining Path.

Peru, insists the president, is now as safe a destination as London or New York. There is no need to be frightened, he says. However, readers who are familiar with those two cities may take only limited comfort from his assurances.

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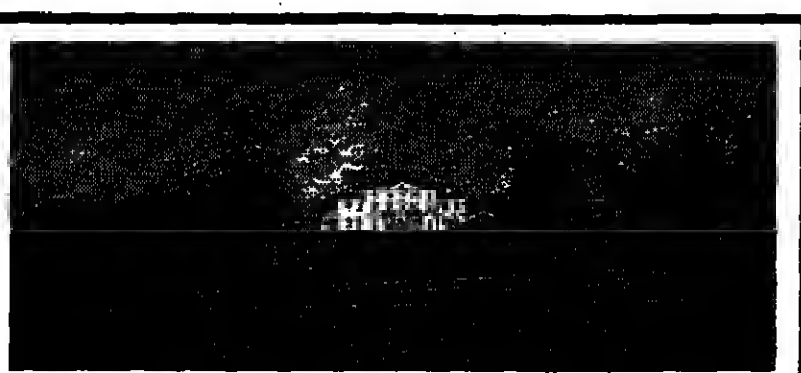
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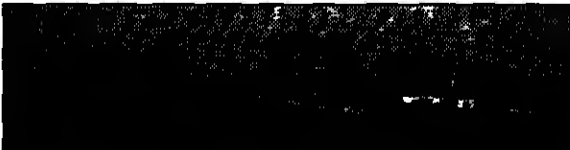
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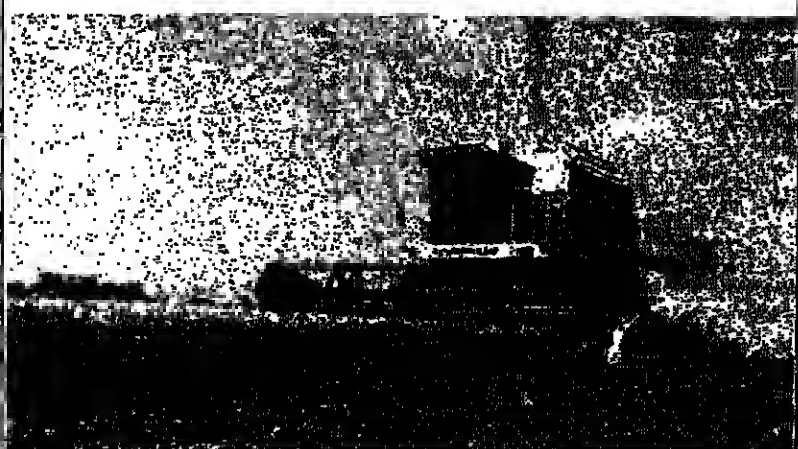
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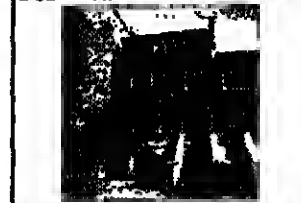
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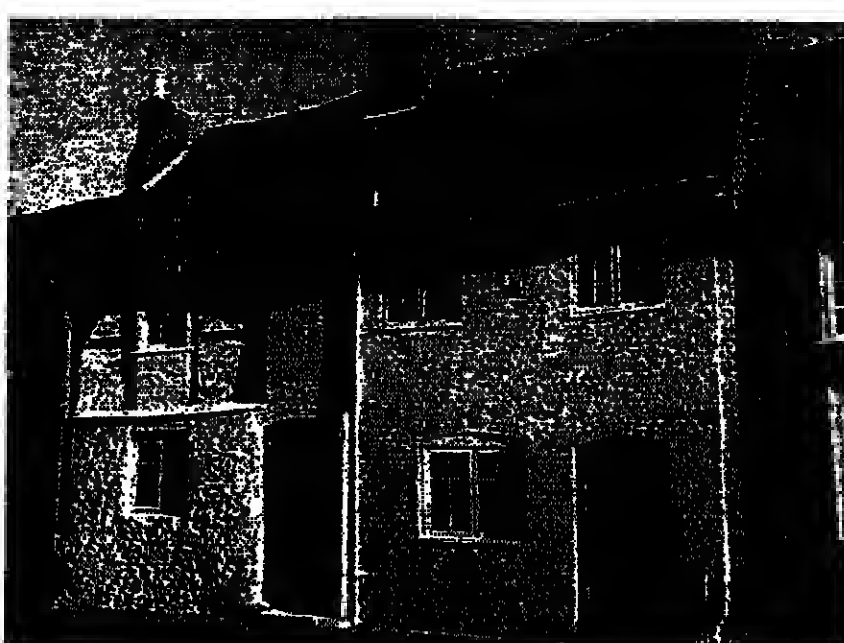
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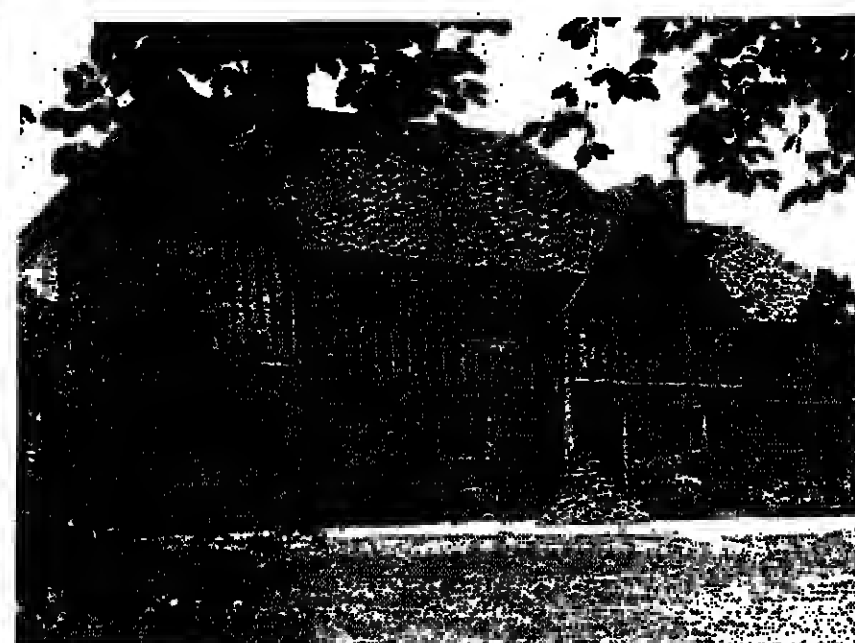
## PROPERTY



Castle Mill House at North Warnborough... 40-plus viewers in 3 1/2 weeks



For £155,000... Westbrook House, in the county town of Winchester



For £750,000... Goleigh Manor, near Alton, which dates to medieval times

**V**ariety and convenience make Hampshire popular. It is a large county with masses to offer. Gardeners thrive. So do fishing on the rivers Test and Itchen and riding in the New Forest.

For sailors, there is Cowes Week. Winchester, the county town, is packed with history, archaeology and education. And Jane Austen lived in Chawton, near Alton.

Transport links are excellent. It is an easy journey to London by train or on the M3 motorway. And cross-Channel ferry services mean that a short break in France can happen any weekend, finances permitting.

Hampshire homes, when priced sensibly, are selling fast in 1994. Philip Gossage, of John D. Wood's Lynton office, described it as a "hardening" market, with many more deals than last year.

Many sales are on the invisible market, when an agent dangles a likely buyer before an owner who has often thought of selling - and might have asked agents what the house should fetch - but has never quite steered himself to proceed.

Now, he is faced by a buyer with cash who wants an answer. Philip Blanchard, of John D. Wood in Winchester, agreed three such under-the-counter sales in a day recently, all in the £350,000 range.

At the top end of the market, Blanchard stresses how much it helps for the vendor to prepare the paperwork (deeds, searches, etc) before marketing begins. Then, a price can be agreed on a Thursday and contracts exchanged the following Monday, as happened with Upton Manor near Andover (guide price £1.5m).

For Lady Soames's Castle Mill

## Where it pays to be quick

Hampshire has everything for the would-be resident but homes can sell fast, says Gerald Cadogan



For £1.95m... Stodham Park, an immaculately restored Regency house



For £300,000... Havelock House



For £385,000... Rookery Farm at Kingsley, near Alton.

House at North Warnborough (offers over £900,000), with fishing on the river Whitewater, Lane Fox had more than 40 viewers and several offers in the 3 1/2 weeks it was on the market. In the medium-price range, Hamptons reports that offers can appear in the first 24-48 hours of marketing.

The north-eastern part of Hampshire is particularly accessible, which makes Forge Cottage in Odham enticing at £120,000 on a 1,000-year lease that began in 1863, or Holly Tree Cottage in South Warnborough at £129,000. The agent for both is Hill & Morrison, which also

is selling flats in the handsome Georgian Kingston House in Odham High Street (now being restored) at £195,000 and £220,000. Runtens Farm at Rotherwick, near Basingstoke, is half-timbered and has a barn and a paddock (£425,000 from Lane Fox in Basingstoke). Near Alton, Farrington House is a substantial turn-of-the-century brick building in four acres (from Hamptons in Alton, £325,000).

Hill Top, at Pownley Cope (Hill & Morrison, £250,000), is a little gem of the 1930s in white-painted brick. The cope was a development of 28 gentlemen's cottages/weekend

retreats in 32 acres of wood; Hill Top has 2.6 of them and is the last house in the wood. It makes an intriguing change from the Tudor half-timbered and Georgian red brick so frequent in Hampshire. If you retreat must be in timber and thatch, Ivy Cottage in Wherwell, a village on the Test near Stockbridge, could be ideal (£140,000 from John D. Wood in Winchester). But if you want age, Goleigh Manor at East Tisted, near Alton, dates back to medieval times. Built of timber, brick and stone, it is named after the de Colley family (which is known from 1200), and Winchester

College owned it from 1469 to 1965. Price: £750,000 from Savills. Lane Fox's London office offers Lyss Place, with 217 acres near Petersfield, for £1.5m. It has good Georgian rooms but needs some work. Nearby Stodham Park is an immaculately restored Regency house, rich in bedrooms and with an indoor swimming pool. It is set in 23 acres, which include a stretch of trout fishing on both banks of the river Rother. Price: £1.95m from Savills.

The red brick Rookery Farm at Kingsley, near Alton, is cheaper at £385,000 (from Hill & Morrison). A

neighbouring wood belonging to the Woodland Trust (and listed as a Site of Special Scientific Interest) helps privacy. Fishermen and bird-watchers will opt for the Lower Itchen Fishery, three miles of trout fishing on the river Itchen just one mile from Eastleigh airport, near Southampton. The balliff has ooted more than 150 types of bird. Knight Frank & Rutley is asking around £1.05m for four lots as a whole, including a mill and mill pond. For sailors, Sally Point is a modern house at Hamble with its own mooring and splendid views over

the river Hamble (£385,000 from Hamble Estate Agency or John D. Wood). They are also joint agents for Bailey Cottage - originally a large-master's house - at nearby Old Bursledon (£185,000).

Another property offered by John D. Wood (with Fenwicks) at Old Bursledon is 8 Greyladies, the centre part of an 1800 manor house (price: £225,000). Inland at Wickham, overlooking the village square, the same agents have Havelock House, an unusually smart 18th century red and blue brick property listed grade II\* (£300,000).

New on the market at Bursledon is Blackbridge House, 1930s Tudor-style with views down to the Beaulieu river (from John D. Wood in Lynton for £450,000). On the east edge of the New Forest, Oakapple Cottage at Bartley, near the end of the M27 motorway, is a four-bedroom thatched house (from Woolley & Wallis: £235,000).

In Winchester itself, Westbrook House is a 15th-16th century timber-framed building in Chisel Street (from the Winchester offices of Hamptons or John D. Wood for £153,000).

**Further information:** Hamble Estate Agency, Hamble (0703-455 055); Hamptons, Alton (0420-863 68) and Winchester (0952-342 030); Hill & Morrison, Odham (0256-702 892); Knight Frank & Rutley, London (071-629 8171); Lane Fox, Basingstoke (0256-474 647) and London (071-499 4875).

Penyngs, Fareham (0239-344 812); Savills, Guildford (0438-576 551); John D. Wood, Lynton (0590-677 233) and Winchester (0962-863 131); Woolley & Wallis, Fordingbridge (0425-655 900).

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### Important Old Master Pictures

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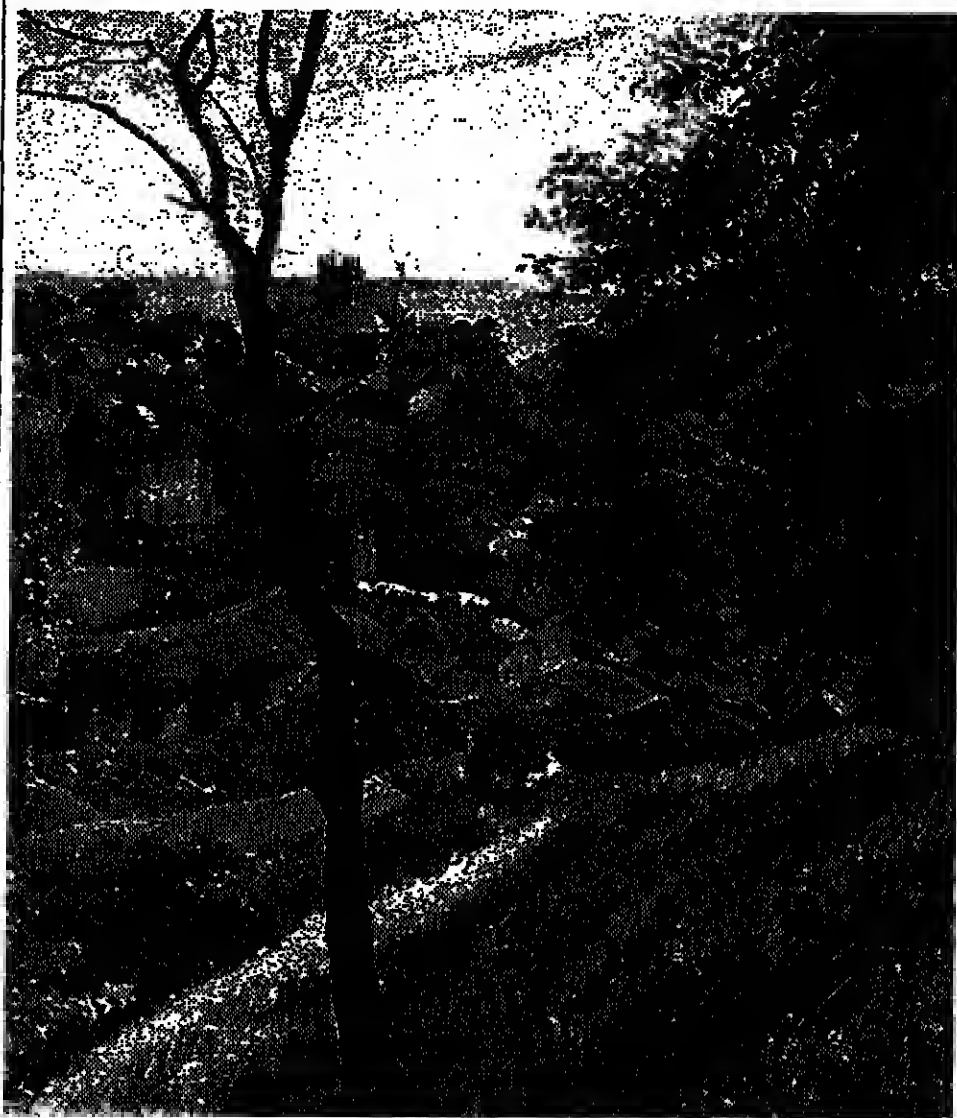
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## COLLECTING

Is the antiques revival under way? Antony Thorncroft looks at the Grosvenor House and Olympia fairs



Lucien Pissarro's 'Youthful', which is being offered by London dealer Richard Green at Olympia

## Dealers face the month of truth

This is it: the month that will decide for many of the nation's 8,000 professional antique dealers if the long-awaited, and off-predicted, revival in demand is actually there - or whether they will have to struggle on, persuading their bank managers they are worth supporting for another year.

In June, London once again becomes - although briefly - the centre of the international art market. Rich collectors and dealers arrive for the grand Grosvenor House Fair which, for 10 days from Thursday, celebrates its 60th anniversary. They take in, too, the important exhibitions staged simultaneously by the top West End galleries, plus the major auctions. And they will surely pop along as well to Olympia where, for the next nine days, more than 400 dealers, mainly British but with an increasing

number of foreign exhibitors, display the largest accumulation of vetted antiques seen annually in London.

Around 40,000 people are expected at Olympia, a popular fun-fair where the largest London dealer in Old Masters, Richard Green, lines up alongside provincial furniture dealers on their annual selling trip to London. Some will expect to notch up 40 per cent of their annual turnover there from the choice items they have salted away for the occasion.

Opening day on Thursday got off to a starty start - Eton John, Andrew Lloyd Webber and Rowan Atkinson were all touting their cheque books. Of course Olympia is too large - although imagebase, a visual database which locates the stands offering the antiques in which you might have particular interest, should ease such a task. Dealers love Olympia. One reason is that, at around

£15,000 a stand, it is half the price of Grosvenor House. But it really does have an aura of excitement despite the chaos.

In good years, Grosvenor House dealers used to raid Olympia each day for fresh stock. It could just happen again in 1994, for there is a feeling that the revival in business must come soon. To help with transport, there is a bus service between the two fairs.

Grosvenor House has a very different atmosphere. The organisers have digested the fact that its glitzy array, and sometimes exorbitant prices, have deterred both middle range collectors and informed browsers. They know also that the more international Masterpiece fair in March has had the edge in recent years. So, for its diamond jubilee, Grosvenor House has been given a new look.

The biggest change is quite

revolutionary: it has abolished deadlines. For the first time, the great works of art of the 20th century - Picasso paintings, Matisse prints, art deco ceramics, abstract expressionism even - can now be displayed. Indeed, it is possible that the Dover Street Gallery will offer a painting by the still-shocking Allen Jones, creator of sexist furniture.

There will certainly be 1920s' furniture on the Yves Mikaslof stand; a 1930s' bronze at Agnew's (along with a fresh-on-the-market Lawrence portrait); an Ivon Hitchens at Spink; Matisse lithographs at William Weston; and designs by Omar Ramsden and G.R. Ashbee at Nicholas Harris.

It will take time for the change in stock to filter through: despite the arrival of a few foreign dealers, Grosvenor House remains the annual showcase for the cream of the British antiques trade and, especially, brown furniture dealers. But, over the next few years, younger and trendier collectors of the modern will have reason to add this fair to their itinerary.

A more immediate impact comes from a transformation in the fair's appearance. Designer George Carter has created a classical environment, with colonnades of Tuscan pilasters creating a unified look. The height of the stands has been raised considerably so that more substantial antiques, like chandeliers and tapestries, can be displayed attractively.

Dealers also are attempting to offer a wider range of stock. There will be fewer seven-figure masterpieces and more four-figure collectables. Among the affordable items are early English needlework at Witney Antiques; a Danish wine barrel at Jeremy Ltd; St Louis goblets at Mallett; and a pair of Regency painted children's chairs at Halcyon Days.

In total contrast is Newark, in Nottinghamshire, the biggest antique and collectors' fair in the world with up to 4,000 stalls stretching over 86 acres. It opens on Tuesday; and, although it might be only one step ahead of a superior boot sale, there is enough good furniture on display for it to be a magnet for continental dealers.

Yes, there are too many fairs. But with dealers being forced by higher costs and lower revenues to close down their retail premises - Lapada, the Association of Art and Antique Dealers, reckons that up to 10 per cent of its members have shut up shop in the past two years - fairs, both specialist and general, have become a lifeline for dealers now trading from home. At fairs, they can acquire new stock, meet existing and new customers - and perhaps sell some antiques. As well as the big mixed

fairs, this month also sees two successful specialist gatherings in London: the Antiquarian Book Fair, at Grosvenor House, for the first time, from June 30; and the International Ceramics Fair, at the Park Lane Hotel from June 10.

While there has been a slight improvement in demand in the antiques trade over the past year, the recovery remains as elusive as that in house prices and the economy generally. If overall confidence improves, so will antique buying.

Dealers hope there is considerable pent-up demand; certainly, there is a shortage of good items appearing on the market. The travails at Lloyd's have released relatively few art works to date although, sadly, they have eliminated one major source of buyers.

Salerooms are showing dealers the way by looking overseas for new business. Of course, with vastly greater financial resources, it is easier for them to do so. This year, both Christie's South Kensington and Bonhams - which concentrate on the middle and lower ranges of the market - report an increase in turnover of more than 20 per cent.

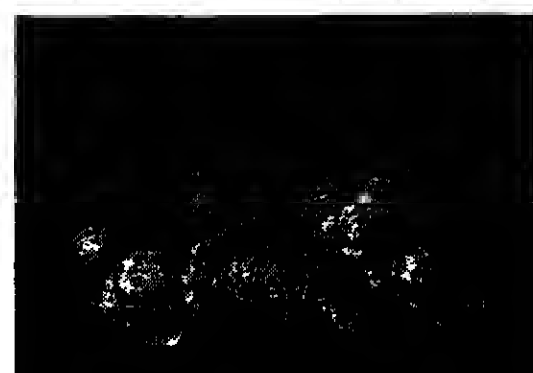
This comes partly from their success in marketing themselves to foreign buyers - in Bonhams' case, by forming a marketing relationship with auction houses in New York, Los Angeles and Vienna.

Demand also has been stimulated by the salerooms trading in new markets. Christie's South Kensington has had great success with cameras - and corkers. Bonhams is offering Victorian Gothic on June 20 to coincide with the big Pugin show at the Victoria & Albert Museum this month.

In areas such as furniture and, to a lesser extent, pictures, there is no doubt that buyers now have the confidence to bid at auction rather than rely on the advice of dealers. This is a long-term problem for the trade, which fairs go only some way to counteracting. But stories about the demise of London as an international art centre seem premature. Leslie Waddington, one leading modern art dealer, might be threatening to close one of his galleries in Cork Street, London - but that would leave him with a couple of brace still trading happily.

Indeed, three important international dealers have just shown their faith in the future by opening up in London for the first time. Finarte, from Italy, is mounting a major show of the work of the surrealist artist de Chirico in new premises in Mason's Yard; Johnnie Eskenazi, cousin of Giuseppe, is settling in Old Bond Street to trade in rugs, textiles and Oriental art; and Danny Katz gives London its first major specialist sculpture gallery, in the old Heim premises in Jermyn Street.

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### CHRISTIE'S



## COLLECTING / ARTS

## Rarities in blue and white

Susan Moore samples the numerous wares of quality Chinese porcelain

Chinese porcelain takes pride of place at the seasonal Oriental art shows in London this month. Even the British Museum presents highlights from the Meiyintang Collection, the first public display of one of the largest and finest private holdings of Chinese ceramics in the west.

Amassed during the last 40 years, this continental collection is remarkable for the variety, quality and rarity of its pieces which range from Neolithic pottery and Han and Tang dynasty tomb figures and burial wares to Ming and Qing imperial porcelains (June 9-September 9).

Rekenanz has a no less sumptuous feast of market rarities in its exhibition of early blue and white (10 Clifford Street, W1, June 7-July 8). From their first large-scale manufacture in the 14th century, these lustrous white porcelains painted in underglaze cobalt blue have been highly prized in China and beyond. Perhaps no ceramic tradition has been more widely imitated or more enduringly popular.

The Middle East appears to have been the destination of a number of

these vessels. Forms are distinctly un-Chinese: there are Islamic ensembles, even a Persian inscription proclaiming a piece the property of one Alamgir Shah. The star turn, discovered in Damascus 30 years ago, is a spectacular and densely decorated mid-14th century Yuan dynasty dish, 46cm wide. In the central medallion, reserved in white on a rich blue ground, are cranes and ducks in a lotus pond, well observed and full of life.

Their liveliness is matched by the dish's surface: one of the delights of handling blue and white is the way in which the impurities in the cobalt produce a heaped and piled effect in the glaze and a varying intensity of blue.

This unique piece is of museum quality and into a museum it may well go - given that it was broken and repaired and even hair-line cracks are not tolerated by the new

breed of avid Hong Kong collectors. The show's other *tour de force* is not technically blue and white at all. This large, deep Ming dynasty bowl of the Hongwa period (1368-98) is decorated with scrolling peonies in underglaze copper red, which firing has turned into the subtlest of pinks and greys. Dated 1340-1435, the 26 pieces bear \$45,000-240,000 price tags.

At S. Marchant & Son (120 Kensington Church Street, W8), the focus is on the great age of blanc de Chine - 1640-1719 - a much more particular taste. As this show demonstrates, however, the craftsmen of provincial Dehua gave their glossy white wares an astonishing variety of expression. At one extreme stands a graceful and superbly modelled Guangyin or goddess of mercy in flowing robes. Dated around 1640, and 28cm high, the figure bears the seal mark of

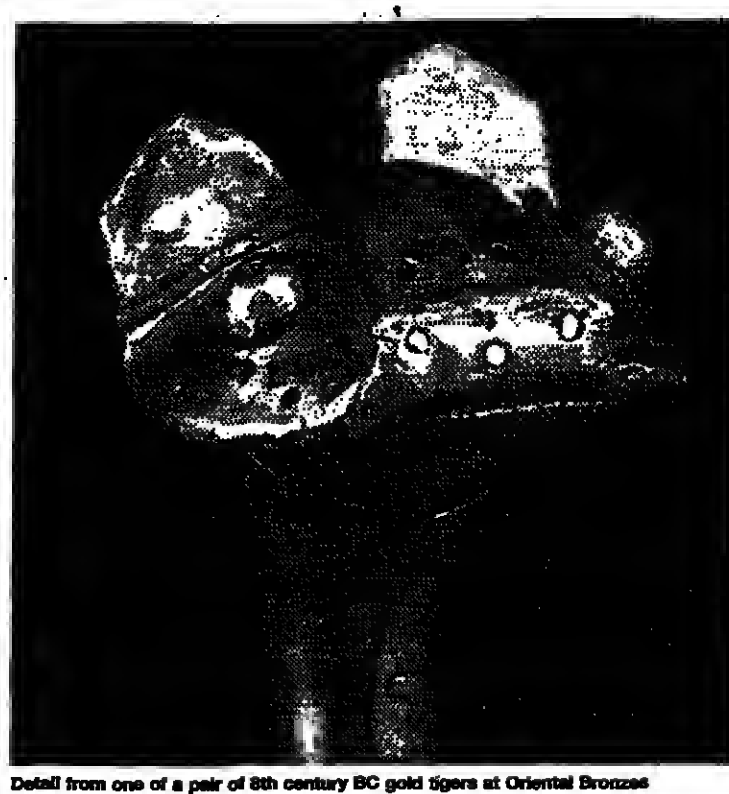
the mysterious He Chanzong, the most illustrious name in Dehua porcelain. At the other, a whistle in the form of a European gentleman in a tricorne hat seated astride a comically grunting tiger. The whole group is only 4.7cm high. Prices \$280-230,000 (June 3-24).

Early celadon porcelains from Korea, China and Japan are the delicate fare at Jehanne de Billeby Oriental Art (29 Conduit Street, W1, June 1-July 1). Prices £150-220,000. Chinese, Korean and Japanese works of art are also at Spink's, 5-7 King Street, SW1, June 1-17. Notable here is a pair of white jade lotus-shaped drinking cups that unusually bear the mark of the Qianlong emperor, and an understated white porcelain moon flask from late Choson dynasty Korea. Prices £5,000-£150,000.

The Oriental Art Gallery's wide-ranging exhibition includes Ming

and Qing caladons, blanc de Chine and monochrome porcelains at 4 Davies Street, W1, June 7-24. Prices \$250-255,000, with most objects under £10,000.

With characteristic theatrical flourish, Christian Deydier of Oriental Bronzes Ltd unveils one extraordinary item for one evening only. This is a pair of stylised gold tigers dated to 8th century BC China, their slender, elongated bodies decorated with cinnabar stripes and formed out of gold strips wrapped and pinned around a wooden core. Professor Han Wei, an authority on ancient Chinese gold, has suggested that the 45cm long tiger mounts flanked a burial pillow. Nothing quite like them is known in gold - nor any other gold artefact of comparable size and date. Deydier is asking around £1.5m. 86 Mount Street, W1, June 7, 5.30-8pm.



Detail from one of a pair of 8th century BC gold tigers at Oriental Bronzes

## Renaissance of the Gothic master

Rosemary Hill on the eccentric pioneer that architecture forgot

There is hardly a town in Britain that would not look different today if Pugin, the architect who began the 19th-century Gothic revival, had never lived. His influence spread with the Empire. From Bombay to Melbourne, the Gothic schools, country houses, churches, railway stations and horse troughs that dot the landscape owe their inspiration to him.

In his work on the Palace of Westminster, he gave London one of its greatest landmarks, Big Ben. As a theorist he was the first designer to formulate the modernist principle of "truth to materials", and as a pioneer of flatpack furniture his presence still haunts Habitat today.

Perhaps the only thing more remarkable than his achievements is the extent to which they have been written out of art history. This has something to do with Pugin himself. He was not by temperament or cir-

Covent Garden and set up a furniture business that failed. He became a keen sailor, buying his own boat in which he imported antiques from the Continent to sell in Soho. At 17 he married for the first time, his wife dying in childbirth within a year. By the time he was 21 he had been shipwrecked, bankrupted and widowed. He decided to become an architect.

In 1804 the old Palace of Westminster burned down, watched by a huge crowd that included Lord Melbourne, Turner and Pugin himself. It marked a turning point in his career and in the history of architecture. In the competition to rebuild Parliament Pugin acted as Charles Barry's "ghost", making the drawings for what turned out to be the winning design.

Periodically for the rest of his life Pugin worked on the decorative details of the palace. He provided hundreds of designs for wallpaper, carpets, fireplaces, the monarch's throne, from which the Queen's speech is still delivered, as well as the interior of the central lobby and the idea for Big Ben. But he had little respect for what is now his best-known work. He resented Barry's modifications and, as his own ideas evolved, he found himself working in a style he had outgrown.

He had become a Roman Catholic - a socially disastrous move at that time - and it was his faith as much as his practice as an architect that shaped his ideas. They were laid out in his first book *Contrasts* in a series of illustrations comparing the buildings of the 19th century with those of the middle ages - to the advantage of the latter. He argued that modern architecture was not only ugly but inhumane, reflecting a moral as well as an aesthetic decline.

Pugin spoke to a generation as troubled as our own about the moral aspects of architecture and city planning. His arguments struck home to a nation on the brink of the steam age. New buildings - factories, gas works and urban slums - were being run up without design. An architect was being ethically and historically rooted was deeply attractive. Gothic, popular as a novelty style since the 18th century, quickly became a principled, national school of architecture.



Welby Pugin by J.R. Herbert, 1845, in the Palace of Westminster



Brass clock, 1849, in the palace

elderly inhabitants have been grateful for the cloister walk that allows them to visit one another sheltered from rain and wind. These small, efficient houses are the essence of the man, as much as the sumptuousness of his great church of St Giles, Cheshire.

By the late 1840s his practice had begun to decline. Other architects took up his ideas and won the commissions. Most of them were cheaper and all were easier to work with. Pugin would arrive on site in the sailing clothes he always wore, shout instructions at the workmen and disappear on the next train. He overspent budgets and was spectacularly tactless with his patrons.

As a design theorist he began to be overtaken by John Ruskin. On the religious front, the Catholic revival was now led by Cardinal John Henry Newman, who made heroic efforts to accommodate Pugin but could not understand his devotion to Gothic. Asked if he would build an oratory, Pugin told the cardinal he would rather design a mechanics' institute.

His swan song was the Medieval Court at the Great Exhibition of 1851, which progressively promoted Gothic as a domestic style. The next year, aged 40, he lapsed suddenly into insanity. He had contracted mercury poisoning



Pugin's Royal Throne in the House of Lords, from which the Queen delivers her speech

from the eye baths his doctors gave him for inflammation. Within six months he was dead. He had always been eccentric and intense, so his final illness made it easy to dismiss him as a madman. He was already forgotten when Gilbert Scott built the Albert Memorial. Finding there was no provision for a statue of

Pugin, Scott gallantly gave up the space reserved for his own. Pugin's place in history, however, continued to be denied. Reappraisal of his work began in this century with Kenneth Clark and has now led to an important exhibition at the Victoria and Albert Museum. At last he can take up the position he deserves,

alongside Ruskin and William Morris, in the history of English art and ideas. *Rosemary Hill is working on a biography of Pugin to be published by Hamish Hamilton.*

Pugin: A Gothic Passion opens at the V&A on June 15 from 10.00-17.30 Tuesday to Sunday, and 12.00-17.30 Monday. It runs until September 11. Admission: £4.75 adult, £10.50 family rate, £3.50 concessions. The catalogue by Paul Atterbury and Clive Watkinson, is published by Yale University Press, price £45 cloth, £19.95 paperback, 320 pages. The exhibition is sponsored by Pearson.

## Exiles go wild for the Bahian beat

Imagine Elton John, George Michael, Shirley Bassey and Kate Bush sharing a stage and you get some idea of the excitement frothing around the Albert Hall this week when the Four Great Bahians, Gilberto Gil, Caetano Veloso, Gal Costa and Maria Bethânia, collectively gave the Bahia Festival in London a celestial climate.

The singers all come from that Brazilian state that looks towards Africa for its history

and culture, and although, to add some spectacle, the Mangueira samba school from Rio were also on the bill, it was very much a celebration of Bahian music.

When political exiles in London in 1969, Gil and Caetano became Rolling Stones groupies, and once back in Brazil they added electric guitars to

the traditional samba rhythms to create Tropicalism, the most distinctive Brazilian sound for the next 20 years.

This reunion concert gave to a new generation of voluntary exiles music that was indirectly inspired by their temporary home.

They loved it. You expect Brazilians to stand up and samba at the tap of a drum; you do not expect them to know every word of every song. It is distinctive music. Unlike Spanish Latin American music, with its sensual brass obbligatos, the music of Brazil is drum driven - very African. To outsiders the singers often seem to sing across

the musicians: it has no easy appeal - it is a national ritual. The atmosphere was naturally relaxed, the singers appearing solo, to duet, to quartet, as the mood took them. Gil was ebullient; Caetano wistful; Costa and Bethânia full-throated.

Romantic ballads and plangent songs of home nestled alongside rousing chants, in

which the audience hurled back as echoes the Amazonian caws of the singers. There was no interval and the bars stayed open.

There was also the overpowering sight of Mangueira, the Manchester United of the samba bands, sashaying its way on to the Albert Hall stage. First the percussionists, dressed like camp centaurs;

then the poseurs, arrayed like gigantic birds of paradise, parading plumage tails 15ft wide; finally the dancers, quivering every inch of their bodies.

Once the balloons had fallen, the audience had danced itself dry; the flags had been fluted; the fever had died down.

the Four Bahians returned for their own encore. It was both a personal event yet also a national occasion, a vibrant nostalgia for home. It was no place for a foreigner to be. While the Rio carnival might now be a tourist attraction Bahia hugs its local identity and for one night the heart beat of Salvador, its capital, was in SW7.

Antony Thorncroft

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## SATURDAY

**SATURDAY**

## BBC1

7.25 News. 7.30 *Pleat the Cat*. 7.45 *Joe 90*. 8.10 *The Legend of Robin Hood*. 8.55 *Round the Twist*. 9.10 *Top Gear*. 9.15-9.55 *Weather*.

10.35 *Grainfield*. Introduced by Sue Barker. 11.00 *Crickets: First Test*. England v New Zealand. Live coverage from Trent Bridge. 1.00 News. 1.05 *Tennis: The French Open*. Action from the women's first in Paris. 1.40 *Crickets* and *Tennis*. Time may vary.

4.30 *D Day Remembered*

8.05 *Retreat: The Embarkation*. The first in a series of programmes to be shown over the next week under the heading *D-Day Remembered*. Jill Dando, Sir Robin and John Tusa visit Normandy and Portsmouth to commemorate 50 years of peace since the Allies mustered some 156,000 men from 14 countries to drive German forces out of occupied France. Subsequent programmes may run late.

6.15 News.

6.35 *Regional News and Sport*.

7.00 *Pop Cuts*.

7.50 *The New Adventures of Super-Man*. The Man of Steel faces a lingering death while Jimmy, Jack and Perry try to prove Lex Luthor's involvement in the recent alien attack, and prevent him marrying Lois. Final episode, starring Dean Cain, Ted Hatcher and John Shea. *Miscellaneous and News*. Compilation of classic sketches by Britain's best-loved comedy duo, beginning with Sir John Miles' appearance in Emile's prisoner of war drama, *Escape from Sobibor*, and Shirley Bassey's memorable rendition of *Smoke Gets in Your Eyes*.

8.15 *News at 8.15*.

8.35 *The Late Show*.

9.15 *News and Sport: Weather*.

9.15 *Fitz: The Dream Team*. Howard Zieff's sentimental comedy about four mismatched mental patients let loose in New York after their medical escort is kidnapped. Starring Michael Keaton, Christopher Lloyd, Peter Boyle, Stephen Park and Lori Loughlin (1989).

11.00 *Crickets: First Test*. England v New Zealand. Highlights of the third day's play from Trent Bridge.

11.40 *It's Everything You Always Wanted to Know About Sex (But Were Afraid to Ask)*. Swedy comedy featuring seven sketches dealing with things every man wishes directed by and starring Woody Allen, with Gene Wilder and Anthony Guylly (1972).

## BBC2

5.00 *Open University*. 12.15 *Prin The David* is a Woman starting Mariene Dietrich.

1.30 *Time with Benjamin*. The work of the former Post Laureate who died in 1984.

2.30 *The Sky at Night*. The role of the Royal Observatory in Edinburgh, 100 years after it was established. Shown previously on BBC1.

2.40 *Film: Desray Riders Again*. Classic Comedy Western about a mid-mannered sheriff assigned to clean up a lawless town, with the biggest problem proves to be a sassy saloon singer. Stars James Stewart and Mariene Dietrich (1936).

4.10 *Crickets: First Test*. England v New Zealand. Live coverage of the third day's final session at Trent Bridge.

6.35 *Prague Heritage Fund Gala Concert*. Fund-raising spectacular in the presence of Prince Charles and President of the Czech Republic Vaclav Havel to promote the preservation and restoration of Prague's architectural heritage. Featuring the choirs of Smetsna, Mladá, Czechoslovak and Brno. Performances by Prague Symphony Orchestra, conducted by Jan Georg Sofft, with Dame Kiri Te Kanawa, Murray Pérele and Gabriel Byrne. Introduced by James Naughton from the Vladislav Hall of Prague Castle. Simultaneous broadcast with Radio 3. Subsequent programmes may run late.

8.30 *Have I Got News for You*.

9.00 *Satfield*.

9.35 *Fine Cut*. The bizarre case of two menagers who made a suicide pact after listening to a record by British rock group Judas Priest. One of them survived and his parents later filed a lawsuit alleging the boys' actions were inspired by subliminal commands contained in an album track. David Van Taylor's film features interviews with both members of the band and both families, as well as original footage of the controversial court case.

10.35 *Later with Jojo Holland*.

11.25 *Washington Behind Closed Doors*. President Monckton comes under increasing pressure to resign as dealings at home and abroad, and revelations to topple CIA chief Bill Martin.

1.00 *Close*.

1.30 *Close*.

## LWT

5.00 GMTV, 9.25 *Glimpse*, 11:30 *The ITV Chart Show*, 12:30 pm Opening Shot.

1.00 ITN News; Weather.

1.08 London Today; Weather.

1.10 NBA Basketball. Alton Byrd introduces the game of the week.

2.00 International Rugby Union. South Africa v England. Alastair Hignell introduces the coverage of the First Test from Pretoria.

4.45 ITN News; Weather.

5.00 London Today; Weather.

5.50 Bullseye. General questionnaire Jim Bland presides, and guest Bobby George throws for charity in another edition of the dart-based quiz.

5.50 Baywatch. Mitch and his team hear their jobs may be in jeopardy after budget cutbacks lead to the closure of many LA beaches.

6.45 Share in Their Eyes. Comestants take the stage as George Formby, Madonna, Kenny Thomas, Alan Baz and Commitments star Andrew Strong.

7.30 The Brian Conley Show.

8.15 You've Been Framed!

8.45 ITN News; Weather.

9.08 London Weather.

9.00 Film: Narrow Margin. An assistant DA and the only witness to a gangland slaying are pursued by hit men on board a speeding train. Thriller, starring Gene Hackman and Anne Archer (1990).

10.45 The Big Hit - Live! Carolle's Steve Robinson makes the fourth defense of his WBO Featherweight title against 32-year-old Freddy Cruz of the Dominican Republic. In his second attempt to win a world crown, Cruz comes into the ring with a record of only five defeats - all on points - in 53 fights.

11.50 Film: Vengeance: The Story of Tony Gato. Fact-based drama about a young man who vows revenge when his mother and father are brutally slain during a robbery. Brad Davis stars (TVM 1985); ITN News Headlines.

1.20 Tour of Duty.

2.35 Get Stuffed.

2.50 The Big E; ITN News Headlines.

3.15 New Music.

4.15 BPM.

5.00 Hot Wheels.

## CHANNEL 4

5.00 4-Tel on View, 6.30 Early Morning, 10.00 Trans World Sport, 11.00 Gossip Games, 12.00 Sign On: Newswatch, 12.30 pm Bombay Chat.

12.35 **Film:** *Raiders*. Escaped convicts terrorise a group of hostages at a remote stagecoach station. Western, starring Tyrone Power and Susan Hayward (1950).

2.30 **Reeling from Espion.** Including the 2.50 *Energizer* Miami Filles Stakes, 3.30 *Go* Trophy Handicap, 4.10 *Energizer* Oaks, and the 4.40 *Energizer* Handicap Stakes. Introduced by Brough Scott.

5.05 **Brookside.**

8.00 **Right to Reply.** Viewers' opinions and ideas about recent TV programmes.

7.00 **A Week in Politics.** A review of next week's European elections with profiles of three candidates' campaigns. Plus, a selection of party election broadcasts from across Europe; Newssummary.

8.00 **The Sexual imperative.** Why some animals are promiscuous, and what prompts the males of certain species to fight to the death for a partner.

9.00 **NYPD Blue.** Kelly suspects Charlie Lear has been framed for his mis-trialled murder, and finally relives a fool of himself after attending a birthday party held by Sylvia's father. Lillian Farrow is devastated by her husband's reaction to her latest pregnancy.

10.00 **The Unpleasant World of Penn and Teller.** Another chance to enjoy weird illusions by the American duo. With special guest Stephen Fry.

10.30 **Film:** *Mortal Passions*. Black comedy-thriller, starring Kiefer Sutherland as a woman plotting the murder of husband Zach Galligan to get her hands on his hoard of hidden money (1989).

12.10 **Late Licence.**

12.30 **Do You Remember the First Time?**

12.55 **Herman's Head.**

1.25 **Naked City.**

2.05 **Beavis and Butt-Head.**

2.35 **The Neville Brothers Live at Camden Lock.**

3.35 **True or False.**

4.05 **Close.**

## REGIONS

**ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-**

**ARIZONA:**  
10.25-11.00 Movies, Games and Videos, 1.05 Angle News  
News, 1.10 Angle Sport Special, 6.00 Angle News  
and Sport & 8.25 Angle Weather, 11.25 Kojak The Chiswick Murders.

**BORDER:**  
10.25 Movies, Games and Videos, 1.00 Border News, 1.10 Rooksport, 1.30 Sell the World, 4.45 Border News and Weather, 5.10 Cartoon Times.  
11.25 Kojak The Chiswick Murders.

**CENTRAL:**  
10.25 America's Top 10, 1.00 Central News 1.10 Movies, Games and Videos, 1.00 RookSport, 5.00 News, 5.25 Page La Fiev, 5.25 Local Weather, 11.25 The Bridge at Ramsgate, (1983).

**CHANNELS:**  
12.30 Heckl, 1.05 Channel Daily, 5.00 Channel News, 5.25 Publin! Ratings, 6.10 Cartoon Times.  
11.25 Kojak (1978)

**GRAMPIAN:**  
12.30 Sports, 1.05 Grampian Headlines, 1.10 Television, 1.40 Football, 5.00 Grampian Headline, 5.05 Grampian News Review, 5.55 Grampian Weather, 11.25 Kojak The Chiswick Murders.

**GREATDOGS:**  
10.25 Movies, Games and Videos, 1.00 Great Dogs News, 1.10 RookSport, 1.30 Sell the World, 4.55 Great Dogs News, 5.00 Cartoon Times, 11.25 Kojak The Chiswick Murders.

**HIT:**  
12.30 World Cup Half of Fame, 1.05 HIT News, 1.10 Sell the World, 1.40 Cartoon Times, 5.00 HIT TV, 5.10 Hit News, 6.05 HIT Weather, 11.25 Kojak The Chiswick Murders.

**MEDWAY:**  
12.30 Heckl, 1.00 Medikan News, 5.00 Medkan News, 5.10 Cartoon Times, 11.25 Spanglo (1978)

**SOUTH-TYNE:**  
12.30 The Champions, 1.05 Scotland Today, 1.10 News, 1.15 Scottish Weather, 5.00 Scotland Today, 5.10 Cartoon Times, 11.25 Scottish Weather, 11.20 SNL.

**TVEI TIMES:**  
10.25 Movies, Games and Videos, 1.00 Tvei News News, 1.10 The Murrators Today, 1.55 Zorro, 4.45 Tvei News Saturday, 5.10 Cartoon Times, 11.25 Zorro, (1980)

**ULSTER:**  
10.25 Movies, Games and Videos, 1.00 UTV Live News, 1.10 Ulster Living, 5.00 UTV Live News, 5.05 UTV Live News 11.00 Live of Man TT.

**WESTCOUNTRY:**  
10.25 Movies, Games and Videos, 1.05 Westcountry News, 5.00 Westcountry News, 11.25 Kojak The Chiswick Murders.

**WILTSHIRE:**  
10.25 Movies, Games and Videos, 1.05 Calendar News, 1.10 The Wilshire Today, 1.35 Zoom, 4.55 Wiltshire News, 5.00 Cartoon Times, 11.30 Speedy Willam, (1980)

**ZEALAND:**  
10.25 Wales on Channel 4 except:-  
Monday, 8.00 Growing Up Udd, 2.00 Sunday Morning, 2.00 News, 2.00 Farming the Islands, 2.00 Tennis, 1.25 The Silver Trumpet, 1.55 Flyer Of British Dolphins 1980, 2.00 News From Space, 2.00 World Map, 7.00 Newscountry News Country, 7.10 Lyngdal Saver, 7.35 Newsnight, 8.05 Pigion Y Ddwy Eisteddyd Yr Iaith 1984.

**SUNDAY**

BBC1

BBC2

7.30 Johnson and Friends, 7.40 Playdays, 8.00 Blood and Honey, 8.10 Breakfast with Frost, 8.15 Sex Head

9.30 **D-Day Remembered.** The Drumhead Service - Departure, followed by 12.30 by Field Marshal The Queen, President Clinton and other heads of state join more than 80,000 veterans and their families to commemorate the 1984 departure of the liberation force which set out to free Europe from German occupation. Subsequent programmes may run late.

1.40 News Summary.

2.40 **D-Day Remembered.**

The Airborne Assault: Live coverage from Normandy as more than 7,000 British, Polish and Canadian paratroopers commemorate the role played by airborne forces on D-Day. Aerial Commemoration at Sep.

4.40 EastEnders.

5.30 **Masterchef.** Liberal Democrat president Charles Kennedy and chef Rowley Leigh judge the culinary efforts of contestants from Chillingfold and London.

6.00 News and Weather.

6.25 **George Bush.** From Rhodes joins the congregation at St Thomas' Cathedral in Portsmouth on the eve of the 50th anniversary of D-Day. Last of the Summer Wine.

7.30 **First Footing.** Johnnie Sheppard plays a humpbacked character with pugnacity whose convention trip turns into a race against time. Comedy, with Alison Steadman (1986).

8.00 News and Weather.

8.15 **D-Day Remembered.**

9.40 **New series.** Sue Lawley is joined by BBC correspondents to present the news of 50 years ago as if it were happening today. From the Tide, Charles Wheeler, a Normandy veteran and the former BBC Washington correspondent, offers a personal perspective on the first 24 hours of the landings.

10.30 **First Footing.** Comedy drama, starring Sir Alec Guinness and Leo McKern as World War Two veterans who set out to visit the graves of fellow servicemen in France.

11.50 **D-Day Remembered.** Highlights of today's commemorative events, introduced by John Tusa.

12.40 **Relative Losses.** Presenter Michael Redgrave in France to visit the grave of the war hero father he never met.

1.40 Weather.

6.10 Open University, 6.10 Friday Footie, 6.25 Sportsnight, 6.30 The American Musical, 6.40 The Movie Game, 6.50 George Felt, 12.05 Clicket: First Test.

12.30 **Sunday Grandstand.** Introduced by Sue Barker, 12.35 Clicket: England v New Zealand. Further live coverage of the First Test, 1.05 Golf: The British Amateur Championships, 1.15 Motor Sport: The British Touring Car Championship, 1.40 Clicket, 3.40 Clicket and Tennis: The French Open, The Men's Final from Paris. Times may vary. Subsequent programmes may run late.

7.00 **The Money Programme.** David Stenton interviews the City on management and installation of information technology is so difficult, and examines recent disastrous computer projects costing millions of pounds.

7.40 **Six Go to Europe.** New series. Six ordinary people from Manchester investigate what belonging to the European Union means in real terms, talking to Teddy Tator MP and former Prime Minister Sir Edward Heath about the power wielded by Brussels and how Britain benefits from membership.

8.15 **Watergate.** The final programme of the series gives an account of how the information contained in secret Oval Office tapes finally forced President Nixon to resign. In spite of his protests and the opposition of key senators.

9.00 **John Seasonal's Likely Stories.** Married TV show hosts devise an ingenious plan to boost their ratings.

9.30 **Moviezone.** Alex Cox introduces tonight's film.

9.40 **Film: Coogan's Bluff.** Clint Eastwood plays an Arizona sheriff who outwits the film's director, playing Wild West methods to recapture an escaped killer in the city. Adventure, also starring Lee J. Cobb, Don Stroud and Susan Clark (1968).

11.05 **Moviezone.** Introduction to tonight's second film.

11.15 **Film: The Menace Margalo.** A tough cop fights a deadly nuclear battle with underworld hit man while trying to ensure a gangster's widow testifies in front of the Grand Jury. Thriller, with Charles McGraw (1952).

12.20 **Clicket: First Test.** England v New Zealand. Highlights of the fourth day's play from Trent Bridge.

1.50 Close.

**LWT**

**8.00 GMTV.** **8.25 The Little Hobo.** **15.00 D-Day Commemoration** with Sir Harry Secombe.

**1.00 ITN News; Weather.**

**1.05 London Weather.**

**1.10 The Judy Funglen Debate.** Discussions covering burning moral and political issues of the day.

**2.00 International Rugby Union.** Highlights of the weekend's Test matches involving England, Scotland and Ireland.

**3.00 International Football: Ireland v Czechoslovakia** in Dublin.

**5.10 London Tonight; Weather.**

**5.30 ITN News; Weather.**

**5.30 D-Day Remembered.** Highlights of the weekend's commemoration ceremonies, when Portsmouth, historic home of the British Navy, played host to monarchs, presidents, statesmen and wartime heroes. The Queen, John Major and heads of state from the Allied nations joined D-Day veterans at a series of events culminating in their departure in a flotilla of warships, merchant vessels and the royal yacht Britannia across the English Channel to France for tomorrow's ceremonies in Normandy.

**6.30 Through the Keyhole.** Sir David Frost invites Nina Myskow, Chris Tarrant and Liz Hobbes to guess the mystery home owners.

**7.00 Mother's Ruin.**

**7.30 Surprise! Surprise!**

**8.30 Cadaver.** The medical sleuth investigates when a goldsmith is almost killed during a robbery - and finds his first clue in the mouth of a corpse. Roy Barmacrough guest stars.

**10.00 Splitting Image.**

**10.30 ITN News; Weather.**

**10.40 London Weather.**

**10.45 D-Days: The Shortest Day.**

**11.45 The London Programme.**

**12.15 Sell the World.** News and action from the finish line in Southampton.

**12.45 You're Booked!**

**1.15 The Restaurant Show.**

**1.50 Cue the Music: ITN News Headlines.**

**2.50 Film: Polar.** French thriller, starring Jean-Francois Balmer (1992).

**4.30 Snooker: The European League.**

## CHANNEL 4

8.10 Early Morning, 8.45 The Odyssey, 10.15 Stared by the Bees, 10.45 Rambling, 11.45 Little House on the Prairie, 12.45 Sir Pat Spurgeon.

1.15 Film: Foreign Correspondent. Alfred Hitchcock's classic espionage thriller about an American reporter caught up with spies in Europe. Joe McKays stars (1940).

3.30 Night Mail. Film from 1936 about the overnight postal service.

5.55 British Team Tennis. National junior champion James Fox of Matchpoint. Branniff faces Royal Berkshire's Dennis Saford in the final.

4.25 News Summary.

4.35 The Last Show on Earth. Kenneth Branagh hosts as international celebrities join together to spotlight the plight of endangered species around the world. Music by Elton John, Seal and Peter Gabriel. Previously shown on ITV.

6.30 The Cosby Show.

7.00 Encounter: Metropolis. Report on London's status as the least energy-efficient city in Europe, as the capital vies to outdo the UN's World Environment Day, asking if rival urban businesses should co-operate to save resources instead of competing with one another for profit.

8.00 Speak Out. The facts behind homelessness. Plus, Sandra Young highlights the case of her mother, who died while being transported to and from a private security firm. And Sue Hancock reports on her fight with a couch which sold her a house condemned as "unsafe". Presented by Anna Soubry and Murray Ballant.

9.00 Film: Walkabout. A young brother and sister, stranded in the Australian Outback after their father's suicide, are rescued by two Aboriginals. Adventure, with Jenny Agutter (1970).

10.05 International Racing from Chantilly. The French Derby, introduced by Brough Scott.

11.30 Islamic Conversations. Dr Hassan Turabi, a leading figure in the Sudanese Muslim state, outlines his views on the ideal Islamic government.

12.00 Film: Diary for My Loves. Hungarian drama about an 18-year-old student (Zsuzsanna Czinko) struggling to fulfil her personal goals while coping up in Eastern Europe (1987) (English subtitles).

2.20 Close.

## REGIONS

**TV RECORDS AS LISTED EXCEPT AT THE FOLLOWING TIMES:**

**BALTIMORE**  
1:28 The New Scooby Doo Movies, 3:00 World War Heroes and Villains, 4:00 Wish You Were Here, 5:00 Newsday, 5:30 Nightly News on Sunday, 10:40 Angela Weather.

**BOSTON**  
7:00 The New Scooby Doo Movies, 2:00 SportsCenter, 4:00 Rockopolis, 4:30 Concorde, 5:35 Border News, 11:45 Prisoner: Cell Block H.

**CENTRAL**  
6:00 The New Scooby Doo Movies, 5:00 It's Your Turn, 2:30 Ties In, 2:50 Gardening Time, 3:39 Heart of the Country, 3:50 Zoo Life with Jack Hanna, 4:00 International Food Fair, 6:15 Concert News, 11:45 Prisoner: Cell Block H.

**DENVER**  
7:00 The New Scooby Doo Movies, 3:00 Sail the Windy Road International Home Hits, 4:39 Wish You Were Here? 5:00 Country Ways, 5:10 Channel News, 11:45 The Road to D-Day.

**HAMPSHIRE**  
7:00 The New Scooby Doo Movies, 2:00 SportsCenter, 4:00 Family Special, 4:00 Sail the World, 4:30 Country Ways, 4:45 Movies, Games and Videos, 8:10 American Headlines, 10:40 Granpinion Weather, 11:45 Prisoner: Cell Block H.

**MONTANA**  
7:00 The New Scooby Doo Movies, 1:05 Grande Prairie Weather, 3:00 Sunrisesets, 3:45 Where Scenic Trails Lead, 5:15 Grande News, 11:45 Prisoner: Cell Block H.

**NEW YORK**  
6:00 The New Scooby Doo Movies, 3:00 MTV Music, 3:30 Highway to Heaven, 4:31 Johnny Carson, 5:00 Belmont's West Country, 5:15 MTV News, 10:40 MTV Weather, 11:45 Prisoner: Cell Block H.

**TV Wales as listed except:  
10:40 Udd Heddforff "4," 4:00 Carlonen Times, 4:15 Euro News, 4:43 Ready Money.**

**ONTARIO**  
7:00 The New Scooby Doo Movies, 3:00 Sail the Windy Road, 2:30 Windsor International Home Hits, 4:30 Wish You Were Here? 5:00 Country Ways, 5:10 Channel News, 11:45 The Road to D-Day.

**PENNSYLVANIA**  
7:00 The New Scooby Doo Movies, 2:00 SportsCenter, 4:00 Family Special, 4:00 Cartoon, 4:15 Father Dowling Mysteries, 5:00 Today Show, 5:30 SportsCenter, 10:40 Scottish Weather, 10:45 Don't Look Down, 11:30 D-Day: The Shortest Day.

**Texas**  
7:00 The New Scooby Doo Movies, 5:00 Carry On Laughing, 11:45 4:00 Tyne Tees Weekend, 10:40 Local Weather, 11:45 Call Night.

**VICTORIA**  
7:00 The New Scooby Doo Movies, 3:00 Sail the Windy Road, 3:30 Wish You Were Here? 4:00 Police Story, 4:30 News, 5:00 Today Show, 5:30 SportsCenter, 5:15 TV Live Early Evening News, 10:40 TV Live News, 11:45 Air Combat.

**WEST MOUNTAINS**  
7:00 The New Scooby Doo Movies, 5:00 Sail the Windy Road, 3:30 Road Around Over America, 4:30 Bloomberg Marvellous, 5:00 Westcountry News Special, 11:45 Prisoner: Cell Block H.

**WISCONSIN**  
7:00 The New Scooby Doo Movies, 3:00 Carry On Laughing, (1993) 4:30 Calendar News and Weather Report, 5:00 News, 5:30 SportsCenter, 10:40

# RADIO

**SATURDAY**

**BBC RADIO 2**  
**8.00** Super Saturday, 8.00 Brian  
 8.10 John Peel, 8.30 John Peel,  
**9.00** News on Saturday, 9.30  
 the News Highlights, 2.00 The  
 World at One, 2.30 News, 3.00  
 George Jones, 4.00 Mr  
 Sunshine, 4.30 Nick  
 Macmillan, 5.00 Nick  
 Macmillan, 5.40 Obituary  
 6.00 Andrew Connolly, 6.30  
 News, 7.00 D-Day Film 9.0,  
 9.30 David Sidwell, 10.00 The  
 World at One, 10.30 News,  
 11.00 News, 11.30 News, 12.00  
 Martin Barlow, 1.00 Joe Briggs, 4.00  
 Martin Barlow

**BBC RADIO 3**  
**8.00** Open University: Learning  
 how Life, 8.50 Weather, 9.00  
 Record Review, 9.30  
 10.00 Building a Library,  
 10.15 Record Reviews, 10.45  
 11.00 Spirit of the Age,  
 11.15 Spirit of the Age, New  
 Yorker, Words on the theme of  
 words,  
**11.55** The Celtic In France,  
 12.00 Clutch: All in Good Time,  
 12.05 Jazz Record Requests,  
 12.10 Geoffrey Smith,  
 12.45 Music Minutes,  
 12.50 Poetry and magic in  
 India's music,  
**1.00** Frequent Heritage Fund,  
 1.05 Concerts, Students,  
 1.10 Concerts, Students,  
 1.15 Concerts, Students,  
 1.20 Concerts, Students,  
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 1.30 La Balsa Musical,  
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## BBC RADIO 2

**at these times BST:**

Torquenza's Poetry	6.30
Today, 7.00 News	7.15
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Today, 48.00 News	

Experimental Music.  
10.30 Choir Works. Dallas.  
12.30 Close.

**BBC RADIO 4**  
6.00 News.  
6.10 Prelude.  
6.30 Morning News Briefings.  
7.00 News.  
7.15 Sunday Papers.  
7.15 The Living World.  
7.40 Sunday.  
8.00 Anthony Clare.  
8.00 News.  
8.10 Sunday Papers.  
9.15 Letter from America.  
9.30 Morning Service.  
10.00 The Archers.  
11.00 (FM) Matchweek.  
11.00 (FM) Test Match Special.  
11.45 (FM) The New Europeans.  
12.10 (FM) Desert Island Discs.  
1.00 (FM) The World This Week.  
1.30 (FM) The World This Week.  
5.00 (FM) Gardeners' Question Time.  
2.30 (FM) D-Day: 6 June 1994.  
3.30 (FM) Pick of the Week.  
4.00 (FM) Fantasy. Farnham and so on.  
5.00 (FM) Song to be Miled.  
5.50 (FM) Poetry Panel.  
6.00 (FM) Six O'Clock News.  
6.15 (FM) Foodnet.  
6.30 (FM) Clockwork.  
7.00 In Business. The British advertising industry in the 1980s.  
7.30 A Good Read.  
8.00 (FM) That's History.

8.00 (LIVE) Concert.  
8.30 (FM) Casualty.  
8.50 (FM) The Programme.  
9.00 (FM) Big.  
9.00 News.  
10.15 Hancock's Hancock's Wars.  
And Alan Simpson.  
10.45 Singing.  
11.10 Learning.  
11.45 Seeds of the Future.  
12.00 News.  
12.35 Shipping.  
12.45 (LIVE) At the Service.  
12.45 (FM) Close.

**BBC RADIO 5**  
5.30 International.  
7.00 The Breakfast Show.  
8.00 Ancient Star.  
9.00 Midday.  
9.15 (FM) The Big Breakfast.  
1.04 Sunday News.  
7.00 News Extra.  
7.35 Black to the Future.  
8.00 The Ultimate Challenge.  
8.15 (FM) Chris De Burca.  
11.00 Night Shift.  
12.05 Nightingale.  
2.00 Up At Night.

**WORLD SERVICE**  
BBC for Europe received in a form on medium wave (405m) at these times:  
6.00 News a.s.a.p.

Diversity, 6.30  
 Celebrity, 7.00  
 Natural History, 7.15  
 Top Gun, 7.30  
 By Fall Gallon  
 10.00  
 Is a Living, 10.15  
 Life in China, 10.30  
 Health, 10.45  
 Forecast, 11.00  
 30 World  
 LIVE  
 Rugby Union, 11.00  
 At Programme, 11.15  
 Brian's Sunday, 11.30  
 Edition, 11.45  
 rt, 12.00  
 Future, 12.15  
 Preview, 12.30  
 Alignment, 12.45  
 PRICE  
 Europe can be  
 50p kHz  
 features in

German, 6.30 Composer of  
 The Month, 7.00 News, 7.15  
 Letter from America, 7.30 Jazz  
 For the Aspiring, 8.00 News,  
 8.15 Crossing the Rubicon  
 From Our Own Correspondent,  
 8.30 Wits On, 8.45 News, 9.00  
 By Fall Gallon, 9.15  
 On Record, 10.00 World News and  
 Business Review, 10.15 Seeing  
 Stars, 10.30 Football, 10.45  
 Sports, 11.00 News Science in  
 Action, 11.30 BBC English,  
 11.45 News and Press Review  
 in English, 12.00  
 12.30 The John Dunn Show,  
 1.00 News, 1.15 By the Week:  
 Reading Demon, 2.00 Newshour,  
 3.00 News, 3.15  
 The Revolution, 3.30  
 Anything Goes, 4.00 News, 4.15 BBC  
 English, 4.30 News and  
 Features in German, 4.45  
 5.15 BBC English, 6.00 World  
 News and Business Review,  
 6.15 History of the World  
 and Features in German, 6.30  
 The Musician's Musician, 6.30  
 Europe Today, 6.40 News, 6.50  
 World News, 7.00  
 The World's Football Pitch, 7.30  
 Brain of Britain, 10.00  
 Newshour, 11.00 World News  
 and Business Review, 11.15  
 Seeing Stars, 11.30 Letter from  
 America, 11.45 Sports, 12.00  
 Newswatch, 12.30 After  
 the Revolution, 1.00 News, 1.15  
 A Top Top Fair, 1.30 In Prison  
 Who time stands still, 2.45  
 The Revolution, 3.00  
 Newswatch, 3.30 Composer of  
 The Month, 4.00 Newswatch,  
 4.15 BBC English, 4.45  
 Football, 4.55

**SUNDAY**

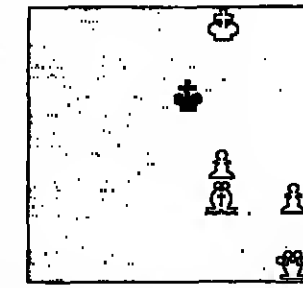
New York's Trump Tower will 1 d4

host the Intel-PCA world championship quarter-finals on Monday, continuing until 18 June at a venue which the organisers promise will be "at the bottom of a seven-storey, pink marble atrium, complete with waterfalls". The purse for each match is \$50,000, (\$33,333) and the winner of the 1996 match with Gary Kasparov.

The FIDE quarter-finals will be in late July near Hyderabad sponsored by Sanghi, an Indian industrial group, whose prize fund per match is \$Fr70,000, (\$32,710) a curiously similar sum to the PCA version. The competition between rival world bodies is providing a financial harvest for top grand-

On paper the only close contest in New York will be between the rising stars of the US and Russia, Gata Kamsky, 20, and Vladimir Kramnik, 18. Nigel Short and world no 3 Visy Anand should beat veteran ex-Soviets, while Michael Adams plays the inexperienced Sergei Tiviakov.

But Tiviakov has beaten Adams in their three previous meetings, while the Cornishman has just disappointed at Las Palmas where he scored only one point from his last five games (J Lautier, France, White; M Adams, England, Black; Las Palmas 1994).



White mates in three moves  
against any defence (by  
Vitale, The Problemist 1994)

**Leonard Barde**  
Solution Page XXII

## BRIDGE

Today's hand is from duplicate pairs; North.			for the king, k ace and ruffed o crossed and cas club from the quee king and South r another South
<p style="text-align: center;">N</p> <p>♠ J 7 6</p> <p>♥ A K Q</p> <p>♦ A K 8 7</p> <p>♣ 9 4 2</p>			
<p style="text-align: center;">W</p> <p>♠ 9 3 2</p> <p>♥ J 10 9 8</p> <p>♦ 10 5 2</p> <p>♣ K 10 5</p>	<p style="text-align: center;">E</p> <p>♠ 8 4</p> <p>♥ 6 5 2</p> <p>♦ Q 9 6 3</p> <p>♣ J 8 7 8</p>		

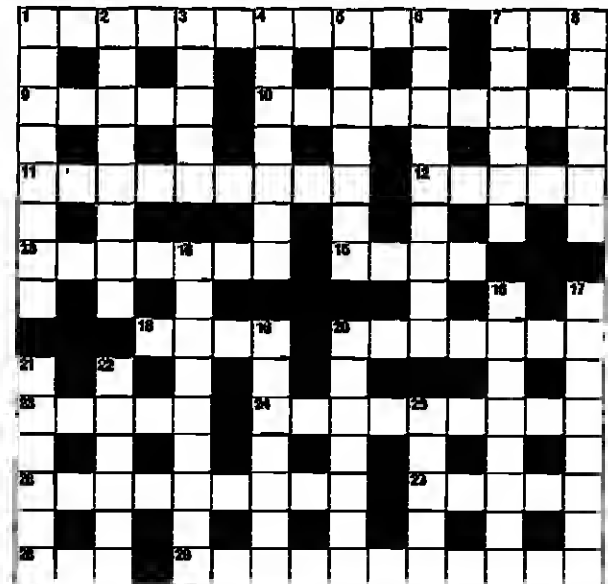
for the 12th. South cashed a king, knave of trumps, the ace and king of diamonds, a ruffled one diamond in hand, and the king of hearts and cashed the ace. He led club from dummy, and finessed the queen. West won with the king and returned the heart. South ruffed, but had to let another club - one down.

South had two chances in his contract, and tried only one of them. He should have finessed the other finesse, *Why* tried the other finesse? The indirect finesses, of course.

At trick five he should lead diamonds from the table. East was forced to take with his queen and there is no further problem. South is home with five spades, three hearts, three diamonds, and a club. If West holds the diamond queen, South must then try the club finesse, hoping to find East with the king. Two chances - surely better than one.

## CROSSWORD

A prize of a classic Pelikan Souverain 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runners-up of £35 Pelikan vouchers. Solutions by Wednesday June 15, marked with a crossword 8,471 on the envelope, to the Financial Times, Number 6 Southwark Bridge, London SE1 8HL. Solution on Saturday June 18.



Name \_\_\_\_\_

address \_\_\_\_\_

ACROSS DOWN

1	Young people may be seconds late (11)	1	A woman's garment is so crookedly making a graze (8)
2	Copper coin as a trophy (8)	2	Like a good mink, taking to the water (10)
3	Wine in the wind (5)	3	New lease for an art supporter (5)
4	Hercules, wrongly given oxygen, became level (5)	4	Given salmon in Scotland, given to Sunday visitors (7)
5	Accompanied by a reduced department (3)	5	Capital made of foreign coats-trick-class exchange (7)
6	Great volume of public transport (7)	6	One's gross income from one extreme to the other (8)
7	Flat is air-conditioned by day (5)	7	Selected name for Korea (4)
8	King back a nursery character (4)	8	Assumptions of one in stations (6)
9	Bloomer - is a big one, it turns out (7)	9	Carpet-brush holds unusual load (6)
10	Swift attach traps back-leader (6)	10	Once hard, can be reset and securely fastened (8)
11	The boxes, say, released from building on a foreign field (7)	11	Overstating. One can be seen in it twice (8)
12	Sacrifices not return (11)	12	No south consultation here in Texas? (7)
13	Names in (6)	13	Abashed in outskirts of Burnley? Nonsense! (7)
14	Name given to parent of Cice, for example (5)	14	Painting not quite completed, but it is like Hawkins! (6)
15	Rest restriction? (3)	15	Give air (6)
16	Lucky owner! It depends (5-6)	16	A stuck-up attitude of a story

**Solution 8,470**

W	O	R	N	S	T	A	R	I	N	G	C	L	O	C	H	E	T	H	E	A	T	I	O	N		
H	P	N	S	I	N	A					R	E	S	A	E	C	E									
A	S	H	E	S	O	N	T	C	O	N	E	R	A	N	C	H	E	R								
Y	N	O	T	H	E	I					Y	I	S	R	D	O	N									
E	A	R	A	D	V	E	N	T	U	R	E	S	F	E	L	L	F	I	R	S	T	N	I	G	H	T
E	A	R									I	S	P	A	C	H	E									
N	T	I	N	E	S		S	O	N	D	E	R	S	E	A	N	N	A	D	V	E	R	S			
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T	R	A	I	N	S		A	L	L	B	E	R	S													
S	T	N	E	R	A						W	E	A	D	A	Y		E	S	C	A	P	E			
A	R	T	I	C	U	L	A	R			S	E	C	U	T	I	A									
N	O	E								P	A	P	E	R	C	H	A	S	E							
U	A	N	E	R	E	C	H	E	S		U	A	D	E	A	G	S									
U	A	N	E	C	H	E	S			W	O	S	A	N												
T	E	L	L	I	C	A	T	E			I	S	E	O												
C	H	A	I	T	E					S	M	I	P	E	R											

WINNERS: 3,458; T. & G. Reel, Carnarvon, Dyfed; M. Ansell-Smith, Llanidloes, Warrington; Mrs D.J. Emerson, Kingsbridge, Devon; Mrs J. Adams, Farnborough, Hants; Mrs A. Sackville, London SW6; Mrs M. Smith, Helston, Northants.



There is a scene in Mozart's *Don Giovanni* which, I suspect, has puzzled many others besides me. It is that passage in which the aristocratic seducer of "old ones, young ones..." (and their daughters, I am sure) turns the full power of his melody on to Zerlina, the peasant beauty, at her wedding lunch. We know before she flutters her first hesitation, that she is lost; that she is fated to be number one thousand and four, gaining at last nothing but misery and shame, because no-one in those days would pay for her story.

But would her lilted song entangle the don in one of the loveliest duets ever written, peeping hesitantly at first and then gazing in wonder on the rapture love. It is not necessary not to be a moralist, nor to read leading articles in British newspapers to know that this is not

## Old secret of the modern Don Juan

At the opera the seducer inspires. In life he is mocked. Max Wilkinson explains

love. It is the word that dares not spell its name, shameless, disgraceful and one which would certainly have ruined our hero's political career, had he stooped to such an occupation.

But - here is the puzzle - no-one is ever surprised that the deplorable climax of this lascivious couple holds the audience in a spell of pure beauty. Thousands of respectable parents, politicians and even newspaper columnists, have been seduced by it. It would be too much to say that they want the don to succeed, but certainly they delight in the attempt. And they under-

stand that, for the fleeting moment, it is love.

This is not the hypocrisy of those who relish a newspaper scandal, nor can it be dismissed merely as a trick of the music; for the victim, Donna Anna, remains a revolting moralist, even in her sublimest arias.

No, Zerlina's song captures exactly the concealed anti-Christian message of a story which has fascinated the warmer parts of Europe for 3½ centuries. The tale of the libertine dragged to hell by the statue of a murdered father first hit the Spanish stage in 1630 as *Tirso*

de Molina's play, *The Seducer of Seville*. Why has it continued to hold the imagination? And why does it now consume the British public to the exclusion even of European election issues?

In our real life modern version, the father-judge is dead only to good taste, and he drags the seducer merely into a living hell of press interrogation; but the British son of a lord is heir to all the Spanish don's arrogance, vitality and insouciant humour. He shares also a weakness for chronicling his conquests.

And we love him, our Don Clark;

or if not him, it. His ancient tale may not be dismissed as an escape into male fantasy. For as my colleague with the sparkling eyes observed: "Women love a rogue. He understands them. And they always hope..." That rascal Pushkin knew it too: His Juan found Anna scandalously pliant even after he had murdered her father. Bernard Shaw gave him the last word in hell. Many others, including Molière and Baudelaire, understood the story's dissident message.

Newspapers editors, alas, trade only in vulgar certainties and so force their readers to become pris-

on voyeurs. Yet Pushkin and Mozart are honoured as gods for telling this story with elegant simplicity while exploring, almost without our noticing it, a most uncomfortable truth - namely, that the Christian sexual code never was accepted fully by western society, whatever people pretended. It was and is defiantly ignored in real life by bold dons and amorous women and secretly resented by many others who may consume either great art and cheap newspapers - or or both.

All understand that dons leave a trail of unhappiness: the fearful fury of Mozart's *Elvira*, and the

despair of Mrs Harkness, who cuckolded her husband, the judge, only to become her daughters' rival.

But we know also that Zerlina is a pussy-cat longing to slip away to be stroked and perhaps to hear her poor Masetto unexpectedly hand-some sons.

Great art whispers, moreover, that the Christianised version of the myth contains a deep untruth. In real life, Don Alan Clark, is not dragged into the icy fires, nor even horsewhipped.

He suffers, like Leporello, the don's lecherous servant, some inconvenience. Then he laughs defiance at the devil and lives happily ever after in his castle with a wife who, not improbably, has the last laugh of all.

Real hell is the state of soul inhabited for evermore by Anna and Elvira and, from last week it seems, by Mr and Mrs Harkness.

Private View/Christian Tyler

## A young trooper in the battle for Europe

Robert Buckland, 25, is a Conservative candidate in the European elections. He explains why he is running

Robert Buckland, novice barrister, settled his tubby, pin-striped frame behind the pupil-master's desk and explained why he wants the 400,000 voters of his region to make him a Euro-MP on Thursday. He is talkative, tidy and 25 years old.

Is politics your career? I asked him.

He looked momentarily uneasy. "I don't like that word," he said in his sing-song Welsh accent. "I think it's a vocation. I think it's a duty, an old-fashioned thing. And indeed some people might think it was rather disingenuous of me to start talking about service and duty. But I think it is a calling, and a noble calling."

Voters may think it has more to do with self-service these days than public service.

"I know, I know," sighed the candidate sadly. "I think that's a problem of communication."

Communicating is not Robert Buckland's weak suit: although not on the Conservative Party's official list of candidates he managed to persuade the selectors to run him, the local boy, in South Wales West, a Labour-dominated constituency where he little hope of winning.

This putative moulder of post-millennial Europe was a mere 10 years old when Labour's strikebound winter helped Margaret Thatcher to her first election victory in 1979. He says he remembers it well.

You were a bit precocious, then? "I don't know about precocious. But I had a healthy interest in church architecture from an early age. And my parents used to laugh about that. We were always a very bookish family. My father (he is a solicitor) is a very well-read man."

His mother runs a municipal luncheon club for pensioners.

He was, he said, a "strange teenager" who spent his time at a local private school "reading and listening to music and thinking and writing and doing all sorts of things that perhaps a normal child wouldn't have the time to do. So to that extent it was rather an isolated upbringing. And this sense of the misfit perhaps came in now and then. Perhaps I played up to it."

His first political act, at 18, was to join the Llanelli Young Conservatives. After school he worked as a political agent before going to Durham University to read law and

become president of the Union Society. He sits on Dyfed county council.

His heroes are Peel, Disraeli and Lord Salisbury. He calls himself a non-ideological, post-Thatcherite Tory for whom conservatism, today, wrongly identified with large vested interests, is really about "what used to be called the little man". He suggested his party's leaders have missed their way, garbled their message and lost touch with the ordinary person.

No doubt they felt like you when they started, I said.

"I know. It's a real worry of mine," he replied, quickly injecting a note of humility. "I don't want to forget that. I thought it would be much better to come back to where I'm from and work amongst people I know, to stay local."

Shouldn't you learn a bit more before aiming for Europe?

"Yes, I've got a lot to learn. I don't pretend I haven't. But if you don't have people like myself from local areas who are genuinely interested in foreign European policy and who have learned a bit about it beforehand, and who, importantly, are from a younger generation, then where are we going to be?"

Are we to continue to elect anonymous figures to Europe, or are we going to start electing people who can relate those grandiloquent issues back to grass roots?

"Although I'm young, I think youth is an asset. Why can't we have more of a cross-section of representatives? Why is it that on my own county council I am the youngest person by 15 years? The average age there is 70. They're all old men! You've asked the question why. But why not? Pitt was prime minister at 23."

Are you attracted by the big expenses and salary?

"Well, I've heard a lot about the gravy train. Quite frankly, it doesn't attract me. It concerns me if there is abuse. I would be scrupulous, first of all in not indulging in it and secondly in trying to stop it."

"I'm doing very well, thank you very much, as a barrister. I'm working very hard here. I'm managing to pay off my student debts. As far as I am concerned it's not a waste of time. It's something which genuinely interests me. Call me an optimist, call me naive, call me young, whatever, I don't care. That's how I feel now, and I don't want to forget that."



While Buckland practises criminal law from Swansea, his girlfriend is in London learning to be a manager with Abbey National building society.

I said: in politics you'll need a wife of course.

He laughed, a little ruefully. "Oh, I know that's what they say. I don't like to see myself as this cut-and-dried young man who's, you know, going to make it and has sort of set his sights and carefully tailored everything to that end. I haven't."

Why do they see you like that?

"Because I'm young, because I'm a barrister, because I'm a Tory, because I like going round and speaking to old ladies or whatever they seem to think 'Oh, yes, he's going to make it, he's going to be there, he's guaranteed, a dead cert.' All I am is an enthusiast. I'm over-enthusiastic."

You mean just because you're a cardboard cut-out of young Tory doesn't mean you don't care?

"Yes, alright," he said, swallowing the designation reluctantly. "I do care. I'm a human being just like anybody else and I have interests and passions and concerns. I just want to get involved. There's no point sitting on the sidelines."

What makes you passionate?

"What makes me passionate is... this sense of disillusion, particularly now in the 1990s, this sense of cynicism, this disillusion that the general public have with our elected politicians, this sense of drift..."

That's not a passion, I objected. I mean what brings a lump to your throat, a knot to your stomach?

He pondered. "I think, really, it's some of the traditional issues: the Union, for example, does get me going. I genuinely get very passionate in debates about the Union."

Buckland explained that although he was proud of being Welsh - he sings baritone in the choir - he loathed Welsh nationalism. "There's no contradiction between being Welsh, being British and being a European. I think it was John Buchan who said you can't have too many loyalties. And I agree with him. I rejoice in that illogicality."

But do you have no over-riding humanitarian aim?

"I think it has to be the preservation of community spirit and the preservation of the notion of awareness and responsibility to each other."

Buckland is from an evangelical Anglican background, likes the Book of Common Prayer but has no

quarrel with women priests. "It would be nice to see Conservatives talking about Christian or religious values as being a good thing."

I thought they did that all the time, I said, but just practised the opposite.

"Well, that's individuals," he said quickly. "No, what I am saying is there are lots of values we have lost and we should go back and rediscover in organised religion - as long as government doesn't preach where it cannot legislate."

Are people going to call you a young fogey?

"Now, yes, sort of. A N Wilson men in tweeds? Funny, I thought you'd ask me that. A young fogey is not only someone who dresses like that but who thinks like a young fogey, who has a love of the old dispensation and a contempt for change. That's dangerous. I'm not a reactionary."

What will you do if you don't win this seat?

"Carry on working."

Your next political step, I mean.

"I would like to be on the list and see where it goes from there."

Would you like to be a minister one day?

"What I want to do is mark each target as it comes, become an effec-

tive MP, as opposed to the ones I see round here who depress me. I can't help thinking if only I was there perhaps I could do it differently. Being a minister? Hmm. Yes, I suppose so. I haven't calculated anything."

"But I'm very conscious of what I don't want to be. I'm very conscious

of what I dislike about politics and politicians. At the same time I think I have the frankness to admit that I'm still learning about what it takes to be a good and right politician and an honest politician. Perhaps that honesty itself shows I could have the capacity to make it. "And I will make it."



Fifty years after the invasion of Normandy, we have turned western Europe into a buffet-state: a place where the bureaucrats control the asylum and are running it in a manner that is an insult to the memory of those who scrambled on to the Normandy beaches half a century ago.

This buffet-state is a place of hysterical laughter, jokes and gibes occasioned by the avalanche of directives and regulations emanating from Brussels, as well as those concocted locally by bureaucrats working for member governments.

How about this for a laugh: in Blackburn, the Cavalier Carpet Company, surveying, in astonishment, the £28bn or so it costs per year to fund the Common Agricultural Policy, has calculated that it would be much cheaper to cover every square inch of the 12 European Union countries with top-quality carpet.

Or how about this for a laugh: Oliver Field, of Berkshire, one of Britain's top beekeepers, has been battling to stop Ministry of Agricul-

## Shoot the bureaucrats

Michael Thompson-Noel



ture officials coming on to his honey farm to test his 500 hives for signs of "foul brood", a bacterial disease which can devastate bee colonies. The reason he did not want them back is that in March 1992 they doled six of his hives with the anti-bacterial syrup used to cure foul brood - at four times the required strength.

More than 250,000 bees died; he lost £3,000 worth of honey production. He says that he could treat his own bees against the disease, as he used to, but that the ministry's Bee Control Order makes that illegal. He has said he would rather face prison than risk a repeat visit from the ministry's blunderers.

Or how about this for a laugh: in November 1992, out in the North Sea, the Peterhead trawler *Sundari* was battling mountainous waves. As she did so, her crew struggled to hurl overboard 300 boxes of fully-grown haddock.

The skipper had to dump his entire catch, worth £3,000, because Britain's annual haddock quota had already been caught.

If he had returned to port with his catch, he could have been fined up to £50,000. But he couldn't help catching haddock. In the autumn of 1992, haddock were present off the north-east Scottish coast in greater numbers than for many years.

The trawlermen were trying to catch whiting. But every time they lowered their nets they found them bulging with haddock. Meanwhile, other European boats were catching almost unlimited quantities of had-

dock, knowing that their own fisheries inspectors would not bother to enforce the quota rules.

Fifty years after the Normandy landings, you can laugh or you can cry at the Europe that has been created, but you cannot ignore it. An excellent guide to the pathology of the bureaucrats is a book, *The Mad Officials*, by Christopher Booker and Richard North (Constable, £7.95), which pinpoints what Booker calls the great regulatory disaster that has been hitting millions of people, and thousands of businesses, in Britain alone.

But it is not all Brussels' fault. According to the authors, there is the "Whitshall effect" - the way in which UK officials often tack new requirements on to original EU directives, making their impact on businesses much more damaging. In addition, there is a wave of regulatory law which is entirely British-made and has nothing to do with

Brussels. One of the greatest problems of all is over-zealous enforcement.

"One thing which particularly struck us," they write, "was that wherever we looked... we found the great engine of bureaucracy and its myriad officials behaving in the same, identifiable ways... using the same jargon, causing the same problems, making the same mistakes."

It was as if we were always looking at this same enormous, blundering monster which, although it had many heads, was always in the end the same recognisable animal.

The *Mad Officials* is important for the way it threads together the different strands of the regulatory disaster caused by officials. But it has not converted me from Euro-enthusiasm to Euro-scepticism. I am a federalist, as it happens, if only because I detest and fear tribalism and nationalism.

The great thing that can be said for western Europe, 50 years after D-Day, is that we are not ripping each other's throats out. We are muddling along appallingly, but at least not warring. All we need to do is about the bureaucrats.



OUT FOR A DUCK



IN FOR A TREAT

1st TEST MATCH v New Zealand, Trent Bridge	2-6 June
Royal Ascot	14-17 June
2nd TEST MATCH v New Zealand, Lord's	16-20 June
Wimbledon Tennis Championships	20 June - 5 July
Henley Royal Regatta	29 June - 5 July
3rd TEST MATCH v New Zealand, Old Trafford	30 June - 5 July
Brecon & Reddus Cup Final, Lord's	9 July



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Astra satellite group plans £100m European float